



# IOWA ADMINISTRATIVE BULLETIN

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## PREFACE

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It also contains Proclamations and Executive Orders of the Governor which are general and permanent in nature; Regulatory Analyses; effective date delays and objections filed by the Administrative Rules Review Committee; Agenda for monthly Administrative Rules Review Committee meetings; and other materials deemed fitting and proper by the Administrative Rules Review Committee.

The Bulletin may also contain public funds interest rates [12C.6]; workers' compensation rate filings [515A.6(7)]; usury rates [535.2(3)“a”]; agricultural credit corporation maximum loan rates [535.12]; and regional banking—notice of application and hearing [524.1905(2)].

**PLEASE NOTE:** *Italics* indicate new material added to existing rules; ~~strike-through letters~~ indicate deleted material.

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Telephone: (515)281-6766**

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The Iowa Administrative Code shall be cited as (agency identification number) IAC  
(chapter, rule, subrule, lettered paragraph, or numbered subparagraph).

441 IAC 79	(Chapter)
441 IAC 79.1(249A)	(Rule)
441 IAC 79.1(1)	(Subrule)
441 IAC 79.1(1)“a”	(Paragraph)
441 IAC 79.1(1)“a”(1)	(Subparagraph)

The Iowa Administrative Bulletin shall be cited as IAB (volume), (number), (publication  
date), (page number), (ARC number).

## Schedule for Rule Making 2006

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Dec. 30 '05	Jan. 18 '06	Feb. 7 '06	Feb. 22 '06	Feb. 24 '06	Mar. 15 '06	Apr. 19 '06	July 17 '06
Jan. 13	Feb. 1	Feb. 21	Mar. 8	Mar. 10	Mar. 29	May 3	July 31
Jan. 27	Feb. 15	Mar. 7	Mar. 22	Mar. 24	Apr. 12	May 17	Aug. 14
Feb. 10	Mar. 1	Mar. 21	Apr. 5	Apr. 7	Apr. 26	May 31	Aug. 28
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Mar. 10	Mar. 29	Apr. 18	May 3	May 5	May 24	June 28	Sept. 25
Mar. 24	Apr. 12	May 2	May 17	***May 17***	June 7	July 12	Oct. 9
Apr. 7	Apr. 26	May 16	May 31	June 2	June 21	July 26	Oct. 23
Apr. 21	May 10	May 30	June 14	June 16	July 5	Aug. 9	Nov. 6
May 5	May 24	June 13	June 28	***June 28***	July 19	Aug. 23	Nov. 20
***May 17***	June 7	June 27	July 12	July 14	Aug. 2	Sept. 6	Dec. 4
June 2	June 21	July 11	July 26	July 28	Aug. 16	Sept. 20	Dec. 18
June 16	July 5	July 25	Aug. 9	Aug. 11	Aug. 30	Oct. 4	Jan. 1 '07
***June 28***	July 19	Aug. 8	Aug. 23	***Aug. 23***	Sept. 13	Oct. 18	Jan. 15 '07
July 14	Aug. 2	Aug. 22	Sept. 6	Sept. 8	Sept. 27	Nov. 1	Jan. 29 '07
July 28	Aug. 16	Sept. 5	Sept. 20	Sept. 22	Oct. 11	Nov. 15	Feb. 12 '07
Aug. 11	Aug. 30	Sept. 19	Oct. 4	Oct. 6	Oct. 25	Nov. 29	Feb. 26 '07
***Aug. 23***	Sept. 13	Oct. 3	Oct. 18	Oct. 20	Nov. 8	Dec. 13	Mar. 12 '07
Sept. 8	Sept. 27	Oct. 17	Nov. 1	Nov. 3	Nov. 22	Dec. 27	Mar. 26 '07
Sept. 22	Oct. 11	Oct. 31	Nov. 15	***Nov. 15***	Dec. 6	Jan. 10 '07	Apr. 9 '07
Oct. 6	Oct. 25	Nov. 14	Nov. 29	Dec. 1	Dec. 20	Jan. 24 '07	Apr. 23 '07
Oct. 20	Nov. 8	Nov. 28	Dec. 13	***Dec. 13***	Jan. 3 '07	Feb. 7 '07	May 7 '07
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***Nov. 15***	Dec. 6	Dec. 26	Jan. 10 '07	Jan. 12 '07	Jan. 31 '07	Mar. 7 '07	June 4 '07
Dec. 1	Dec. 20	Jan. 9 '07	Jan. 24 '07	Jan. 26 '07	Feb. 14 '07	Mar. 21 '07	June 18 '07
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#### SUBMISSION DEADLINE

Wednesday, August 23, 2006

Friday, September 8, 2006

Friday, September 22, 2006

#### ISSUE DATE

September 13, 2006

September 27, 2006

October 11, 2006

#### PLEASE NOTE:

Rules will not be accepted after **12 o'clock noon** on the Friday filing deadline days unless prior approval has been received from the Administrative Rules Coordinator's office.

If the filing deadline falls on a legal holiday, submissions made on the following Monday will be accepted.

\*\*\*Note change of filing deadline\*\*\*

## PUBLICATION PROCEDURES

TO: Administrative Rules Coordinators and Text Processors of State Agencies  
FROM: Kathleen K. West, Iowa Administrative Code Editor  
SUBJECT: Publication of Rules in Iowa Administrative Bulletin

The Administrative Code Division uses QuickSilver XML Publisher, version 2.0.0, to publish the Iowa Administrative Bulletin and can import documents directly from most other word processing systems, including Microsoft Word, Word for Windows (Word 7 or earlier), and WordPerfect.

1. To facilitate the publication of rule-making documents, we request that you send your document(s) as an attachment(s) to an E-mail message, addressed to both of the following:

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AGENCY	HEARING LOCATION	DATE AND TIME OF HEARING
<b>CITY FINANCE COMMITTEE[545]</b>		
Employee benefits, 4.1, 4.3 IAB 8/16/06 <b>ARC 5310B</b>	Room G14 State Capitol Building Des Moines, Iowa	September 5, 2006 10 a.m.
<b>ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]</b>		
Wage-benefit requirements, 2.4(2), 68.1, 68.3(3) IAB 8/16/06 <b>ARC 5301B</b> <b>(ICN Network)</b> (See also <b>ARC 5300B</b> herein)	ICN Conference Room, 2nd Floor 200 E. Grand Ave. Des Moines, Iowa  (For other hearing locations, see the Department's Web site at <a href="http://www.iowalifechanging.com">www.iowalifechanging.com</a> )	September 12, 2006 4 to 6 p.m.
Enterprise zones, amendments to ch 59 IAB 8/16/06 <b>ARC 5303B</b> <b>(ICN Network)</b> (See also <b>ARC 5302B</b> herein)	ICN Conference Room, 2nd Floor 200 E. Grand Ave. Des Moines, Iowa  (For other hearing locations, see the Department's Web site at <a href="http://www.iowalifechanging.com">www.iowalifechanging.com</a> )	September 12, 2006 4 to 6 p.m.
Port authority grant program, ch 70 IAB 8/16/06 <b>ARC 5304B</b> <b>(ICN Network)</b> (See also <b>ARC 5305B</b> herein)	ICN Conference Room, 2nd Floor 200 E. Grand Ave. Des Moines, Iowa  (For other hearing locations, see the Department's Web site at <a href="http://www.iowalifechanging.com">www.iowalifechanging.com</a> )	September 12, 2006 4 to 6 p.m.
Targeted jobs withholding tax credit program, ch 71 IAB 8/16/06 <b>ARC 5306B</b> <b>(ICN Network)</b> (See also <b>ARC 5307B</b> herein)	ICN Conference Room, 2nd Floor 200 E. Grand Ave. Des Moines, Iowa  (For other hearing locations, see the Department's Web site at <a href="http://www.iowalifechanging.com">www.iowalifechanging.com</a> )	September 12, 2006 4 to 6 p.m.
<b>INSURANCE DIVISION[191]</b>		
Conduit derivative transactions, ch 93 IAB 8/2/06 <b>ARC 5279B</b>	Insurance Division 330 Maple Street Des Moines, Iowa	August 23, 2006 10 a.m.
Individual accident and health standards, 36.5(6), 36.6 IAB 8/16/06 <b>ARC 5322B</b>	Division Conference Room 330 Maple Street Des Moines, Iowa	September 5, 2006 10 a.m.

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Organization; registration, chs 1, 2 IAB 8/2/06 <b>ARC 5289B</b>	Second Floor Professional Licensing Conference Room 1920 S.E. Hulsizer Road Ankeny, Iowa	September 15, 2006 9 a.m.
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**IOWA FINANCE AUTHORITY[265]**

Low-income housing tax credits, 12.3, 12.4 IAB 8/2/06 <b>ARC 5289B</b> (ICN Network)	State Library, Third Floor Miller State Office Building Des Moines, Iowa  (For other hearing locations, see the Authority's Web site at <a href="http://www.ifahome.com">www.ifahome.com</a> )	August 22, 2006 9 to 11 a.m.
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**PROFESSIONAL LICENSURE DIVISION[645]**

Licensure of nursing home administrators, 141.7 IAB 8/2/06 <b>ARC 5281B</b>	Board Conference Room, Fifth Floor Lucas State Office Building Des Moines, Iowa	August 22, 2006 9 to 9:30 a.m.
Physician assistants, 327.1(1) IAB 8/16/06 <b>ARC 5295B</b>	Board Conference Room, Fifth Floor Lucas State Office Building Des Moines, Iowa	September 6, 2006 9 to 9:30 a.m.

**PUBLIC HEALTH DEPARTMENT[641]**

Requirements for radon testing, analysis and mitigation, amendments to chs 43, 44 IAB 8/2/06 <b>ARC 5259B</b>	Conference Room 517 Lucas State Office Building Des Moines, Iowa	August 22, 2006 8:30 a.m.
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Due to reorganization of state government by 1986 Iowa Acts, chapter 1245, it was necessary to revise the agency identification numbering system, i.e., the bracketed number following the agency name.

“Umbrella” agencies and elected officials are set out below at the left-hand margin in CAPITAL letters.

Divisions (boards, commissions, etc.) are indented and set out in lowercase type under their statutory “umbrellas.”

Other autonomous agencies which were not included in the original reorganization legislation as “umbrella” agencies are included alphabetically in small capitals at the left-hand margin, e.g., BEEF INDUSTRY COUNCIL, IOWA[101].

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## ARC 5312B

# AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT[21]

## Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 17A.3 and 99D.22, the Department of Agriculture and Land Stewardship gives Notice of Intended Action to amend Chapter 62, “Registration of Iowa-Foaled Horses and Iowa-Whelped Dogs,” Iowa Administrative Code.

This proposed amendment is in response to a petition filed on behalf of the Iowa Quarterhorse Association to relax the rules allowing for the registration of quarterhorse foals that are the result of an embryo transfer from a donor mare to a recipient mare. The proposed amendment permits the quarterhorse foal to be registered in the Iowa-foaled horse and Iowa-whelped dog breeding program without requiring that the donor mare be maintained in Iowa until after the foal is born and inspected. The amendment applies only to a quarterhorse foal because a foal resulting from an embryo transplant is not currently eligible to participate in the Iowa-foaled horse and Iowa-whelped dog breeding program if the foal is a thoroughbred or a standardbred.

Any interested person may make written suggestions or comments on the proposed amendment prior to 4:30 p.m. on September 5, 2006. Such written material should be directed to Morris Boswell, Bureau Chief, Horse and Dog Bureau, Department of Agriculture and Land Stewardship, Wallace State Office Building, 502 E. Ninth Street, Des Moines, Iowa 50319. Comments may also be submitted by fax to (515) 281-8025 or by E-mail to [Morris.Boswell@idals.state.ia.us](mailto:Morris.Boswell@idals.state.ia.us).

No waiver provision is included in this proposed amendment because an existing rule allows for waivers in appropriate cases. The waiver rule also applies to the rule amended in this filing.

This amendment is intended to implement Iowa Code section 99D.22.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee’s review of this rule making.

The following amendment is proposed.

Amend subrule 62.37(1) as follows:

**62.37(1)** ~~The donor mare and the recipient mare must be in the state of Iowa before the first day of December the year prior to foaling and must remain together at the same address in Iowa until the foal or foals are born and are inspected by the department.~~

## ARC 5310B

# CITY FINANCE COMMITTEE[545]

## Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 384.6 and 384.15, the City Finance Committee hereby gives Notice of Intended Action to amend Chapter 4, “Employee Benefits,” Iowa Administrative Code.

The purpose of the amendment to rule 4.1(384) is to update definitions of employee benefits due to changes that have occurred over the past 18 years. Changes have resulted in consolidation of various specific benefits, preventative health care, wellness options, and catastrophic illness care. The proposed amendment to rule 4.1(384) recognizes the consolidation and provides city officials clearer direction as to what constitutes an employee benefit. The proposed amendment to rule 4.3(384) is to include the amended definitions proposed for rule 4.1(384) and will not change the optional procedures for budgeting employee benefits.

Any interested person may make written suggestions or comments on the proposed amendments on or before September 5, 2006. Such written materials should be sent to the Secretary, City Finance Committee, Iowa Department of Management, State Capitol Building, Des Moines, Iowa 50319, by facsimile to (515)281-4001, or by E-mail to [steve.ford@iowa.gov](mailto:steve.ford@iowa.gov).

A public hearing will be held on September 5, 2006, at 10 a.m. in Room G14, State Capitol Building, at which time comments may be submitted orally or in writing. Any persons who intend to attend the public hearing and have special requirements such as those related to hearing or mobility impairments should contact Stephen Ford at (515)281-3705 to advise of any specific needs.

These amendments are intended to implement Iowa Code sections 384.5 and 384.15.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee’s review of this rule making.

The following amendments are proposed.

ITEM 1. Amend rule 545—4.1(384) as follows:

**545—4.1(384) Definition.** Employee benefits are defined as and limited to the following:

1. Employer’s share of FICA (Federal Insurance Contribution Act).
2. Employer’s share of IPERS (Iowa Public Employees’ Retirement System).
3. Employer’s share of police and fire retirement systems.
4. Employer’s share of medical payments under Iowa Code chapters 410 and 411.
5. ~~Workers’ compensation costs or insurance premiums. Retiree hospital/medical/prescription benefits pursuant to Iowa Code section 364.25.~~
6. ~~Unemployment benefits. Workers’ compensation costs or insurance premiums.~~

## CITY FINANCE COMMITTEE[545](cont'd)

7. ~~Employer's share of employee benefit plan costs for employees and their dependents which would include only:~~

~~Hospital and surgical benefits;~~

~~Medical expense benefits;~~

~~Major medical benefits;~~

~~Dental benefits;~~

~~Prescription drug benefits;~~

~~Life insurance benefits;~~

~~Disability insurance benefits. Unemployment benefits.~~

8. ~~Employer's share of employee benefit plan costs for employees and their dependents which would include only:~~

~~Hospital/medical/prescription benefits;~~

~~Dental benefits;~~

~~Disability insurance benefits;~~

~~Life insurance benefits;~~

~~Long-term care insurance benefits;~~

~~Vision benefits.~~

9. *Deferred compensation programs for city managers, fire chiefs, and police chiefs who do not participate in either IPERS or the Municipal Fire and Police Retirement System of Iowa (MFPRSI).*

10. *Employee wellness programs that are a part of, or are included with, a hospital/medical/prescription benefit program or a health and fitness program for employees adopted by city council motion, resolution, ordinance or included in a document approved by the city council.*

11. *Employee assistance program providing free counseling for employees and their dependents.*

12. *Occupational Safety and Health Administration (OSHA) required tests (e.g., pulmonary and heart tests).*

13. *Regularly scheduled, city-required postemployment physicals for employees, police reserves and volunteer fire-fighters.*

ITEM 2. Amend rule 545—4.3(384) as follows:

**545—4.3(384) Optional procedures.** These employee benefits may be budgeted in either the city general or city trust and agency fund for those employees being paid from the city general fund.

1. ~~Employer's share of police and fire pension and retirement systems under Iowa Code chapters 410 and 411.~~

2. ~~Employer's share of medical payments under Iowa Code chapters 410 and 411.~~

3. ~~Workers' compensation or insurance premiums. Retiree hospital/medical/prescription benefits pursuant to Iowa Code section 364.25.~~

4. ~~Unemployment benefits. Workers' compensation costs or insurance premiums.~~

5. ~~Employer's share of employee benefit plan costs for employees and their dependents which would include only:~~

~~Hospital and surgical benefits;~~

~~Medical expense benefits;~~

~~Major medical benefits;~~

~~Dental benefits;~~

~~Prescription drug benefits;~~

~~Life insurance benefits;~~

~~Disability insurance benefits. Unemployment benefits.~~

6. ~~Employer's share of employee benefit plan costs for employees and their dependents which would include only:~~

~~Hospital/medical/prescription benefits;~~

~~Dental benefits;~~

~~Disability insurance benefits;~~

~~Life insurance benefits;~~

~~Long-term care insurance benefits;~~

~~Vision benefits.~~

7. *Deferred compensation programs for city managers, fire chiefs, and police chiefs who do not participate in either IPERS or the Municipal Fire and Police Retirement System of Iowa (MFPRSI).*

8. *Employee wellness programs that are a part of, or are included with, a hospital/medical/prescription benefit program or a health and fitness program for employees that is adopted by city council motion, resolution, ordinance or included in a document approved by the city council.*

9. *Employee assistance program providing free counseling for employees and their dependents.*

10. *Occupational Safety and Health Administration (OSHA) required tests (e.g., pulmonary and heart tests).*

11. *Regularly scheduled, city-required postemployment physicals for employees, police reserves and volunteer fire-fighters.*

## ARC 5301B

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

### Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby gives Notice of Intended Action to amend Chapter 2, "Grow Iowa Values Fund Assistance," and Chapter 68, "High Quality Job Creation Program," Iowa Administrative Code.

Pursuant to 2006 Iowa Acts, House File 2782, section 39, a change was made to the definition of "benefits" for purposes of the Wage-Benefits Tax Credit chapter of the Iowa Code. Because there are cross references to that definition in the High Quality Job Creation Program (see Iowa Code Supplement section 15.335A(2)(c)) and the Grow Iowa Values Fund (see Iowa Code Supplement section 15G.112(3)), the method by which benefits are valued must be revised in the Department's rules. The value of benefits is included as part of the wage calculation for purposes of qualifying for assistance from the High Quality Job Creation Program and the Grow Iowa Values Fund. The amendments clarify how medical, dental, and vision insurance plan benefits will be valued for purposes of calculating the starting wage of a job.

Public comments concerning the proposed amendments will be accepted on or before September 12, 2006. Interested persons may submit written or oral comments by contacting Ken Boyd, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4810.

The Department will hold a public hearing on September 12, 2006, to receive comments on these amendments. The public hearing will be held from 4 to 6 p.m. in the main conference room on the second floor at the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; public participation will also be available via the Iowa Communications Network (ICN) from remote locations to be announced no later than August 16,

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

2006, via the IDED's Web site ([www.iowalifechanging.com](http://www.iowalifechanging.com)).

These amendments were also Adopted and Filed Emergency and are published herein as **ARC 5300B**. The content of that submission is incorporated by reference.

These amendments are intended to implement 2006 Iowa Acts, House File 2782, section 39.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

## ARC 5303B

### ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

#### Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby gives Notice of Intended Action to amend Chapter 59, “Enterprise Zones,” Iowa Administrative Code.

The proposed amendments include adding definitions for “agricultural land,” “blighted area,” and “transportation enterprise zone”; extending the time period for zone certification from March 1, 2006, to July 1, 2010; changing the eligibility requirements for cities from population to census tract criteria; removing city zones as part of the county 1 percent area limit; establishing transportation enterprise zone criteria, zone amendment criteria, and zone extension criteria; providing for joint city and county enterprise zone commissions; and allowing projects to extend beyond zone boundaries.

Public comments concerning the proposed amendments will be accepted on or before September 12, 2006. Interested persons may submit written or oral comments by contacting Jeremy Babcock, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4940.

The Department will hold a public hearing on September 12, 2006, to receive comments on these amendments. The public hearing will be held from 4 to 6 p.m. in the main conference room on the second floor at the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; public participation will also be available via the Iowa Communications Network (ICN) from remote locations to be announced no later than August 16, 2006, via the IDED's Web site ([www.iowalifechanging.com](http://www.iowalifechanging.com)).

These amendments were also Adopted and Filed Emergency and are published herein as **ARC 5302B**. The content of that submission is incorporated by reference.

These amendments are intended to implement 2006 Iowa Acts, Senate File 2147 and Senate File 2183.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

## ARC 5304B

### ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

#### Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby gives Notice of Intended Action to adopt Chapter 70, “Port Authority Grant Program,” Iowa Administrative Code.

The proposed new chapter implements 2006 Iowa Acts, House File 2782, section 1(4). The legislation authorizes the establishment of an Iowa Port Authority Grant Program. The rules describe eligibility requirements, the application and review process, and contract administration procedures.

Public comments concerning the proposed amendment will be accepted on or before September 12, 2006. Interested persons may submit written or oral comments by contacting Jeremy Babcock, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4940.

The Department will hold a public hearing on September 12, 2006, to receive comments on these rules. The public hearing will be held from 4 to 6 p.m. in the main conference room on the second floor at the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; public participation will also be available via the Iowa Communications Network (ICN) from remote locations to be announced no later than August 16, 2006, via the IDED's Web site ([www.iowalifechanging.com](http://www.iowalifechanging.com)).

These rules were also Adopted and Filed Emergency and are published herein as **ARC 5305B**. The content of that submission is incorporated by reference.

These rules are intended to implement 2006 Iowa Acts, House File 2782, section 1(4).

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

## ARC 5306B

### ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

#### Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby gives Notice of Intended Action to adopt Chapter 71,

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

"Targeted Jobs Withholding Tax Credit Program," Iowa Administrative Code.

The proposed new chapter implements 2006 Iowa Acts, House File 2731. The legislation authorizes the establishment of a Targeted Jobs Withholding Tax Credit Program. The rules describe eligibility requirements, the application and review process, and contract administration procedures.

Public comments concerning the proposed amendment will be accepted on or before September 12, 2006. Interested persons may submit written or oral comments by contacting Nichole Warren, Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)242-4831.

The Department will hold a public hearing on September 12, 2006, to receive comments on these rules. The public hearing will be held from 4 to 6 p.m. in the main conference room on the second floor at the Iowa Department of Economic Development, 200 East Grand Avenue, Des Moines, Iowa 50309; public participation will also be available via the Iowa Communications Network (ICN) from remote locations to be announced no later than August 16, 2006, via the IDED's Web site ([www.iowalifechanging.com](http://www.iowalifechanging.com)).

These rules were also Adopted and Filed Emergency and are published herein as **ARC 5307B**. The content of that submission is incorporated by reference.

These rules are intended to implement 2006 Iowa Acts, House File 2731.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

**ARC 5313B**

## **ENGINEERING AND LAND SURVEYING EXAMINING BOARD[193C]**

### **Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 542B.6, the Engineering and Land Surveying Examining Board hereby gives Notice of Intended Action to amend Chapter 4, "Engineering Licensure," Iowa Administrative Code.

This amendment clarifies the rule regarding the work experience prior to graduation from college that may be accepted toward satisfaction of professional experience requirements for eligibility for the professional engineering examination. The only internships that will be accepted are those administered by engineering colleges.

Waiver of these rules may be sought pursuant to 193—Chapter 5.

Any interested person may make written or oral suggestions or comments on the proposed amendment on or before September 5, 2006. Comments should be directed to Glean Coates, Executive Officer, Iowa Engineering and Land Surveying Examining Board, 1920 SE Hulsizer Road, Ankeny, Iowa 50021; telephone (515)281-7360.

This amendment is intended to implement Iowa Code sections 542B.2, 542B.13, 542B.14, 542B.15, 542B.17, and 542B.20.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is proposed.

Amend subrule **4.1(7)**, paragraph "**d**," as follows:

d. Special work experience. Work experience prior to graduation from college may be accepted toward satisfaction of professional experience requirements only as follows: Cooperative work programs administered by engineering colleges and verified on the transcript and internships *administered by engineering colleges* with a verifying reference from the internship supervisor will be considered as half-time credit, with a maximum allowance of 6 months (12 months of cooperative work experience or internship) applicable toward the satisfaction of professional experience requirements. An applicant's advanced education, military experience, or both will be reviewed in order to determine if they are applicable toward the statutory requirements for experience.

**ARC 5314B**

## **ENGINEERING AND LAND SURVEYING EXAMINING BOARD[193C]**

### **Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 542B.6, the Engineering and Land Surveying Examining Board hereby gives Notice of Intended Action to amend Chapter 9, "Complaints, Investigations and Disciplinary Action," Iowa Administrative Code.

This amendment updates the method by which complaints can be submitted to the Board to include mail, E-mail, facsimile or personal delivery; clarifies the meaning of "complainant" and "respondent"; adds an explanation of initial complaint screening by the Board's administrator; adds immunity from civil liability and employment protection for the complainant; and describes the role of the complainant and the role of the Board in the investigation process.

The purpose of this amendment is to provide additional information and clarification for those who need to use the complaint process.

Waiver of these rules may be sought pursuant to 193—Chapter 5.

Any interested person may make written or oral suggestions or comments on the proposed amendment on or before September 5, 2006. Comments should be directed to Glean Coates, Executive Officer, Iowa Engineering and Land Surveying Examining Board, 1920 SE Hulsizer Road, Ankeny, Iowa 50021; telephone (515)281-7360.

## ENGINEERING AND LAND SURVEYING EXAMINING BOARD[193C](cont'd)

This amendment is intended to implement Iowa Code chapter 17A and sections 272C.6, 542B.6, and 542B.22.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is proposed.

Amend rule 193C—9.1(542B) as follows:

**193C—9.1(542B) Complaints and investigations.**

**9.1(1) Complaints.** The board shall, upon receipt of a complaint in writing, or may upon its own motion pursuant to other evidence received by the board, review and investigate alleged acts or omissions which reasonably constitute cause under applicable law or administrative rule for licensee discipline. *Written complaints may be submitted to the board of- fice by mail, E-mail, facsimile, or personal delivery by mem- bers of the public, including clients, business organizations, nonprofit organizations, governmental bodies, licensees, or other individuals or entities with knowledge of possible violations of laws or rules by licensees.*

**9.1(2) Form and content.** A written complaint may be submitted on forms available from the board office and on the board's Web site. The written complaint shall include the fol- lowing facts information:

- The full name, address, and telephone number of com- plainant (*individual who is complaining*).
- The full name, address, and telephone number of re- spondent (*individual against whom the complaint is filed*).
- A statement of the facts ~~concerning~~ and circum- stances giving rise to the complaint, including a description of the alleged acts or omissions which the complainant be- lieves demonstrate that the respondent has violated or is vio- lating laws or rules enforced by the board.
- ~~Identification~~ Citation of the statutes and administra- tive rules allegedly violated by the respondent.
- Evidentiary supporting documentation.
- Steps, if any, that have been taken by the complainant to resolve the dispute with the respondent prior to the filing of the complaint.*

~~The written complaint may be delivered personally or by mail to the secretary of the board. The office address is 1918 S.E. Hulsizer, Ankeny, Iowa 50021.~~

**9.1(3) Initial complaint screening.** All written complaints received by the board shall be initially screened by the board's administrator to determine whether the allegations of the complaint fall within the board's investigatory jurisdic- tion and whether the facts presented, if true, would constitute a basis for disciplinary action against a licensee. Com- plaints which are clearly outside the board's jurisdiction, which clearly do not allege facts upon which disciplinary ac- tion would be based, or which are frivolous shall be referred by the board administrator to the board for closure at the next scheduled board meeting. All other complaints shall be re- ferred by the board administrator to the board's disciplinary committee for committee review.

**9.1(3 4) Investigation of allegations.** In order to deter- mine if probable cause exists for a hearing on the complaint, the board may cause an investigation to be made into the al- legations of the complaint. It may refer the complaint to a peer review committee or investigator for investigation, re- view and report to the board.

**9.1(4 5) Informal discussion.** If the board considers it advisable, or if requested by the affected licensee, the board may grant the licensee an opportunity to appear before the

board or a committee of the board for a voluntary informal discussion of the facts and circumstances of an alleged viola- tion. The licensee may be represented by legal counsel at the informal discussion. The licensee is not required to attend the informal discussion. By electing to attend, the licensee waives the right to seek disqualification, based upon personal investigation of a board member or staff, from participating in making a contested case decision or acting as a presiding officer in a later contested case proceeding. Because an in- formal discussion constitutes a part of the board's investiga- tion of a pending disciplinary case, the facts discussed at the informal discussion may be considered by the board in the event the matter proceeds to a contested case hearing and those facts are independently introduced into evidence. The board may seek a consent order at the time of the informal discussion. If the parties agree to a consent order, a statement of charges shall be filed simultaneously with the consent or- der.

**9.1(6) Immunity.** As provided by Iowa Code section 272C.8, a person shall not be civilly liable as a result of filing a report or complaint with the board unless such act is done with malice, nor shall an employee be dismissed from em- ployment or discriminated against by an employer for filing such a report or complaint.

**9.1(7) Role of complainant.** The role of the complainant in the disciplinary process is limited to providing the board with factual information relative to the complaint. A com- plainant is not party to any disciplinary proceeding which the board may initiate based in whole or in part on information provided by the complainant.

**9.1(8) Role of the board.** The board does not act as an arbiter of disputes between private parties, nor does the board initiate disciplinary proceedings to advance the pri- vate interest of any person or party. The role of the board in the disciplinary process is to protect the public by investigat- ing complaints and initiating disciplinary proceedings in ap- propriate cases. The board possesses sole decision-making authority throughout the disciplinary process, including the authority to determine whether a case will be investigated, the manner of the investigation, whether a disciplinary pro- ceeding will be initiated, and the appropriate licensee disci- pline to be imposed, if any.

## ARC 5322B

### INSURANCE DIVISION[191]

#### Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 505.8 and chapter 514D, the Insurance Division hereby gives Notice of Intended Action to amend Chapter 36, "Individual Accident and Health—Minimum Standards," Iowa Administrative Code.

The rules in Chapter 36 provide reasonable standardiza- tion and simplification of terms and coverages of individual accident and sickness insurance policies and individual sub- scriber contracts of hospital, medical, and dental service cor- porations. The proposed amendments to the rules are in ac- cordance with model language issued by the National Asso-

## INSURANCE DIVISION[191](cont'd)

ciation of Insurance Commissioners. Iowa insurance companies and producers shall comply with the rules beginning January 1, 2007, for policies issued on or after January 1, 2007.

Any interested person may make written suggestions or comments on these proposed amendments on or before September 5, 2006. Such written materials should be directed to Rosanne Mead, Assistant Insurance Commissioner, Iowa Insurance Division, 330 Maple St., Des Moines, Iowa 50319; fax (515)281-3059.

Also, there will be a public hearing on September 5, 2006, at 10 a.m. in the conference room of the Iowa Insurance Division, 330 Maple St., Des Moines, Iowa 50319, at which time persons may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the amendments.

Any persons who intend to attend the public hearing and have special requirements, such as those relating to hearing or mobility impairments, should contact the Division and advise of specific needs.

These amendments are intended to implement Iowa Code chapter 514D.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendments are proposed.

ITEM 1. Amend subrule **36.5(6)**, paragraph "d," as follows:

d. Illness or medical condition arising out of:

(1) War or act of war (whether declared or undeclared); participation in a felony, riot or insurrections; *or* service in the armed forces or units auxiliary thereto;;

(2) Suicide (sane or insane), attempted suicide or intentionally self-inflicted injury;;

(3) Aviation;;

(4) With respect to short-term nonrenewable policies, of less than 12 months in duration, interscholastic sports;

(5) *With respect to disability income protection policies, incarceration;*

ITEM 2. Amend rule 191—36.6(514D) as follows:

**191—36.6(514D) Accident and sickness minimum standards for benefits.**

**36.6(1)** No change.

**36.6(2)** "Basic hospital expense coverage" is a policy of accident and sickness insurance which provides coverage for a period of not less than 31 days during any continuous hospital confinement for each person insured under the policy, for expense incurred for necessary treatment and services rendered as a result of accident or sickness for at least the following:

a. Daily hospital room and board in an amount not less than the lesser of 80 percent of the charges for the semiprivate room accommodations or \$50 *100* per day;

b. Miscellaneous hospital services for expenses incurred for the charges made by the hospital for services and supplies which are customarily rendered by the hospital and provided for use only during any one period of confinement in an amount not less than either 80 percent of the charges incurred up to at least \$1,000 *3,000* or ten times the daily hospital room and board benefits;

c. Hospital outpatient services consisting of (1) hospital services on the day surgery is performed, and (2) hospital ser-

vices rendered within 72 hours after accidental injury, in an amount not less than \$100 *150*, and (3) X-ray and laboratory tests, to the extent that benefits for such services would have been provided if rendered to an inpatient of the hospital in an amount not less than \$100.

Benefits provided under "a" and "b" above may be provided subject to a combined deductible amount not in excess of \$100.

**36.6(3)** "Basic medical-surgical expense coverage" is a policy of accident and sickness insurance which provides coverage for each person insured under the policy for the expenses incurred for the necessary services rendered by a physician for treatment of an injury or sickness for at least the following:

a. Surgical services:

(1) In amounts not less than those provided in a fee schedule based on the relative values contained in the state of New York certified surgical fee schedule, or the 1964 California Relative Value Schedule or other acceptable relative value scale of surgical procedures, up to a maximum of at least \$500 *1,000* for any one procedure; or

(2) Not less than 80 percent of the reasonable charges.

b. No change.

c. In-hospital medical services, consisting of physician services other than surgical care, rendered to a person who is a bed patient in a hospital for treatment of sickness or injury in an amount not less than 80 percent of the reasonable charges or \$40 *50* per day for not less than 21 days during one period of confinement.

**36.6(4)** "Hospital confinement indemnity coverage" is a policy of accident and sickness insurance which provides daily benefits for hospital confinement on an indemnity basis in an amount not less than \$30 *40* per day and not less than 31 days during any one period of confinement for each person insured under the policy.

a. *Coverage shall not be excluded due to a preexisting condition for a period greater than 12 months following the effective date of coverage of an insured person unless the pre-existing condition is specifically and expressly excluded.*

b. *Except as provided in 191—Chapter 38, division II, benefits shall be paid regardless of other coverage.*

**36.6(5)** *Individual major medical expense coverage.*

a. ~~"Major Individual major medical expense coverage"~~ is an accident and sickness insurance policy which provides hospital, medical and surgical expense coverage, to an aggregate maximum of not less than \$10,000; ~~copayment by the \$500,000; coinsurance percentage per year per covered person not to exceed 25 50 percent of covered charges, provided that the coinsurance out-of-pocket maximum after any deductibles does not exceed \$10,000 per year; a deductible stated on a per person, per family, per illness, per benefit period, or per year bases basis, or a combination of the these bases not to exceed 5 percent of the aggregate maximum limit under the policy, unless the policy is written to complement underlying hospital and medical insurance in which case the deductible may be increased by the amount of the benefits provided by such underlying insurance. Major medical expense coverage shall include at least the following for each covered person for at least:~~

a. ~~(1) Daily hospital room and board expenses, prior to application of the copayment percentage, for not less than \$100 daily (or in lieu thereof the subject only to limitations based on average daily cost of the semiprivate room rate in the area where the insured resides) for a period of not less than 31 days during continuous hospital confinement;~~

## INSURANCE DIVISION[191](cont'd)

b. (2) Miscellaneous hospital services, prior to application of the copayment percentage, for an aggregate maximum of not less than \$2,000 or 20 times the daily room and board rate if specified in dollar amounts;

c. (3) Surgical services, prior to application of copayment percentage, to a maximum of not less than \$1,000 for the most severe operation with the amounts provided for other operations reasonably related to the maximum amount;

d. (4) Anesthesia services, prior to application of the copayment percentage, for a maximum of not less than 15 percent of the covered surgical fees or, alternatively, if the surgical schedule is based on relative values, not less than the amount provided for anesthesia services at the same unit value as used for the surgical schedule;

e. (5) In-hospital medical services, prior to application of the copayment percentage, as defined in 36.6(3)“c”;

f. (6) Out-of-hospital care, prior to application of the copayment percentage, consisting of physicians' services rendered on an ambulatory basis where coverage is not provided elsewhere in the policy for diagnosis and treatment of sickness or injury, and diagnostic X-ray, laboratory services, radiation therapy, and hemodialysis ordered by a physician; and

g. (7) Not fewer than three of the following additional benefits, prior to application of the copayment percentage, for an aggregate maximum of covered charges of not less than \$1,000.:

(1) 1. In-hospital private duty graduate registered nurse services.

(2) 2. Skilled or convalescent Convalescent nursing care.

(3) 3. Diagnosis and treatment by a radiologist or physiotherapist.

(4) 4. Rental of special medical equipment, as defined by the insurer in the policy.

(5) 5. Artificial limbs or eyes, casts, splints, trusses or braces.

(6) 6. Treatment for functional nervous disorders, and mental and emotional disorders.

(7) 7. Out-of-hospital prescription drugs and medications.

b. If the policy is written to complement underlying basic hospital expense coverage and basic medical-surgical expense coverage, the deductible may be increased by the amount of the benefits provided by the underlying coverage.

c. The minimum benefits required by paragraph 36.6(5)“a” may be subject to all applicable deductibles, coinsurance and general policy exceptions and limitations. An individual major medical expense policy may also have special or internal limitations for prescription drugs, nursing facilities, intensive care facilities, mental health treatment, alcohol or substance abuse treatment, transplants, experimental treatments, mandated benefits required by law and those services covered under subparagraph 36.6(5)“a”(7) and other such special or internal limitations as are authorized or approved by the commissioner. Except as authorized by this subrule through the application of special or internal limitations, an individual major medical expense policy must be designed to cover, after any deductibles or coinsurance provisions are met, the usual, customary and reasonable charges, as determined consistently by the carrier and as subject to approval by the commissioner, or another rate agreed to between the insurer and provider, for covered services up to the lifetime policy maximum.

**36.6(6)** Individual basic medical expense coverage.

a. “Individual basic medical expense coverage” is an accident and sickness insurance policy that provides hospi-

tal, medical and surgical expense coverage, to an aggregate maximum of not less than \$250,000; coinsurance percentage per year per covered person not to exceed 50 percent of covered charges, provided that the coinsurance out-of-pocket maximum after any deductibles does not exceed \$25,000 per year; a deductible stated on a per person, per family, per illness, per benefit period, or per year basis, or a combination of these bases not to exceed 10 percent of the aggregate maximum limit under the policy for each covered person for at least:

(1) Daily hospital room and board expenses subject only to limitations based on average daily cost of the semiprivate room rate in the area where the insured resides or such other rate agreed upon by the insurer and provider for a period of not less than 31 days during continuous hospital confinement;

(2) Miscellaneous hospital services;

(3) Surgical services;

(4) Anesthesia services;

(5) In-hospital medical services;

(6) Out-of-hospital care, consisting of physicians' services rendered on an ambulatory basis where coverage is not provided elsewhere in the policy for diagnosis and treatment of sickness or injury, diagnostic X-ray, laboratory services, radiation therapy and hemodialysis ordered by a physician; and

(7) Not fewer than three days of the following additional benefits:

1. In-hospital private duty registered nurse services;

2. Convalescent nursing home care;

3. Diagnosis and treatment by a radiologist or physiotherapist;

4. Rental of special medical equipment, as defined by the insurer in the policy;

5. Artificial limbs or eyes, casts, splints, trusses or braces;

6. Treatment for functional nervous disorders, and mental and emotional disorders; or

7. Out-of-hospital prescription drugs and medications.

b. If the policy is written to complement underlying basic hospital expense coverage and basic medical-surgical expense coverage, the deductible may be increased by the amount of the benefits provided by the underlying coverage.

c. The minimum benefits required by paragraph 36.6(6)“a” may be subject to all applicable deductibles, coinsurance and general policy exceptions and limitations. An individual basic medical expense policy may also have special or internal limitations for prescription drugs, nursing facilities, intensive care facilities, mental health treatment, alcohol or substance abuse treatment, transplants, experimental treatments, mandated benefits required by law and those services covered under subparagraph 36.6(6)“a”(7) and other such special or internal limitations as are authorized or approved by the commissioner. Except as authorized by this subrule through the application of special or internal limitations, an individual basic medical expense policy must be designed to cover, after any deductibles or coinsurance provisions are met, the usual customary and reasonable charges, as determined consistently by the carrier and as subject to approval by the commissioner, or another rate agreed upon by the insurer and provider, for covered services up to the lifetime policy maximum.

**36.6(6 7)** “Disability income protection coverage” is a policy which provides for periodic payments, weekly or monthly, for a specified period during the continuance of dis-



## INSURANCE DIVISION[191](cont'd)

ability resulting from either sickness or injury or a combination of them which:

a. and b. No change.

c. Has a maximum period of time for which it is payable during disability of at least six months except in the case of a policy covering disability arising out of pregnancy or childbirth in which case the period for disability may be one month. No reduction in benefits shall be put into effect because of an increase in social security or similar benefits during a benefit period.

*If a policy provides total disability benefits and partial disability benefits, only one elimination period may be required.*

Subrule 36.6(6 7) does not apply to those policies providing business buy-out coverage.

**36.6(7 8)** "Accident only coverage" is a policy of accident insurance which provides coverage, singly or in combination, for death, dismemberment, disability, or hospital and medical care caused by accident. Accidental death and double dismemberment amounts under such a policy shall be at least \$1,000 and a single dismemberment amount shall be at least \$500.

**36.6(8 9)** Specified disease and specified accident coverage.

a. "Specified disease coverage" is a policy which meets one of the following definitions:

(1) A policy which provides coverage for each person insured under the policy for a specifically named disease (or diseases) with a deductible amount, if any, not in excess of \$250 and an overall aggregate benefit limit of ~~no~~ not less than \$5,000 and a benefit period of not less than two years for at least the following incurred expenses:

1. to 11. No change.

(2) No change.

b. No change.

**36.6(9)** "~~Medicare supplement coverage.~~" ~~Rescinded IAB 10/30/91, effective 12/4/91.~~

**36.6(10)** "Limited benefit health insurance coverage" is any policy or contract which provides benefits that are less than the minimum standards for benefits required under 36.6(2) to 36.6(7 8). Limited benefit policies or contracts may be delivered or issued for delivery in this state only if the outline of coverage required by 36.7(12) is completed and delivered as required by 36.7(2). A policy covering a specified disease or combination of diseases shall meet the requirements of 36.6(8 9) and shall not be offered for sale as a "limited coverage." A policy which is designed to supplement Medicare shall meet the requirements of 191—Chapter 37 and shall not be offered for sale as a "limited coverage."

This rule is intended to implement Iowa Code section 514D.4.

**ARC 5311B****INTERIOR DESIGN EXAMINING BOARD[193G]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)"b."

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of 2005 Iowa Code Supplement section 544C.3, the Interior Design Examining Board hereby gives Notice of Intended Action to adopt new Chapter 1, "Description of Organization," and new Chapter 2, "Registration," Iowa Administrative Code.

Chapter 1 provides structure and organization for the Board, and Chapter 2 includes transition rules for applicants to register as interior designers through June 30, 2007.

These rules are subject to waiver or variance pursuant to 193—Chapter 5.

Consideration will be given to all written suggestions or comments on the proposed rules received on or before September 20, 2006. Comments should be addressed to Susan Griffel, Professional Licensing and Regulation Bureau, 1920 S.E. Hulsizer Road, Ankeny, Iowa 50021, or faxed to (515) 281-7411. E-mail may be sent to [susan.griffel@iowa.gov](mailto:susan.griffel@iowa.gov).

A public hearing on these proposed rules will be held on September 15, 2006, at 9 a.m. in the Second Floor Conference Room, Professional Licensing and Regulation Bureau, 1920 S.E. Hulsizer Road, Ankeny, Iowa. Persons may present their views orally or in writing at the public hearing. Persons who wish to make oral presentations at the public hearing should contact Susan Griffel by mail at the address above, by telephone at (515)281-7468, or by electronic mail at [susan.griffel@iowa.gov](mailto:susan.griffel@iowa.gov), at least one day prior to the public hearing.

These rules are intended to implement Iowa Code chapter 272C and Iowa Code Supplement chapter 544C.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following new chapters are proposed.

**CHAPTER 1****DESCRIPTION OF ORGANIZATION**

**193G—1.1(544C,17A) Definitions.** As used in these rules, the following definitions of words and terms shall apply:

"Board" means the interior design examining board.

"Bureau" means the professional licensing and regulation bureau, division of banking of the department of commerce.

"Interior design" means the design of interior spaces including the preparation of documents relating to space planning, finish materials, furnishings, fixtures, and equipment, and the preparation of documents relating to the interior construction that does not affect the mechanical or structural systems of a building. "Interior design" does not include services that constitute the practice of architecture or professional engineering.

"NCIDQ" means the National Council for Interior Design Qualification.

## INTERIOR DESIGN EXAMINING BOARD[193G](cont'd)

“Registered interior designer” means a person who obtains a registration and engages in the practice of interior design under the authority of Iowa Code Supplement chapter 544C.

**193G—1.2(544C) Description.**

**1.2(1)** The purpose of the interior design examining board is to administer and enforce the provisions of Iowa Code Supplement chapter 544C, including issuing registration certificates and registration renewals; investigating violations and infractions of the interior design law; disciplining registrants; and seeking injunctive relief against unregistered persons who violate Iowa Code Supplement chapter 544C. To this end, the board has promulgated these rules to clarify the board’s intent and procedures.

**1.2(2)** The primary mission of the board is to protect the public interest. All board rules shall be construed as fostering the guiding policies and principles described in Iowa Code Supplement chapter 544C. The board and its registrants shall strive at all times to protect the public interest by promoting the highest standards of interior design.

**1.2(3)** All official communications, including submissions and requests, should be addressed to the board at 1920 S.E. Hulsizer Road, Ankeny, Iowa 50021.

**193G—1.3(544C,17A) Organization and duties.** The board shall consist of five members who are interior designers and two members who are not interior designers and who represent the general public. The board shall elect annually from its members a chairperson and a vice-chairperson. A quorum of the board shall be four members, and all final motions and actions must receive a majority of a quorum vote. The board shall enforce the provisions of Iowa Code Supplement chapter 544C and shall maintain a roster of all registered interior designers in the state.

**1.3(1)** Chairperson. The chairperson shall, when present, preside at the meetings, appoint committees, and exercise all duties and powers of the chairperson.

**1.3(2)** Vice-chairperson. The vice-chairperson shall, in the absence or incapacity of the chairperson, exercise the duties and powers of the chairperson.

**193G—1.4(544C,17A) Meetings.** Calls for meetings shall be issued in accordance with Iowa Code section 21.4. The annual meeting of the board shall be the first meeting scheduled after April 30. At this meeting, the chairperson and vice-chairperson shall be elected to serve until their successors are elected. The newly elected officers shall assume the duties of their respective offices at the conclusion of the meeting at which they are elected.

**193G—1.5(544C) Other meetings.** In addition to the annual meeting and subsequent meetings, the time and place of which may be fixed by resolution of the board, a meeting may be called by the chairperson of the board or by joint call of a majority of its members.

**193G—1.6(544C,17A) Order of business.** The chairperson or the chairperson’s designee shall prepare an agenda listing all matters to be discussed at a meeting. A copy of the agenda shall be available to each member of the board. Procedures shall be in accordance with Robert’s Rules of Order.

**193G—1.7(544C) Administrative committees.**

**1.7(1)** The board chairperson may appoint administrative committees of not less than two nor more than four members who shall be members of the board for the purpose of making recommendations on matters specified by the board.

**1.7(2)** An administrative committee may be appointed to make recommendations to the board concerning the board’s responsibilities in regard to examinations, registrations, continuing education, professional conduct, discipline and other board matters.

**193G—1.8(544C,17A) Public records and fair information practices.** Board rules on public records and fair information practices may be found in the uniform rules for the professional licensing and regulation bureau at 193 IAC 13.

**193G—1.9(544C,17A) Sales and leases of goods and services.** Board rules on sales and leases of goods and services may be found in the uniform rules for the professional licensing and regulation bureau at 193 IAC 11.

**193G—1.10(544C,17A) Petitions for rule making.** Persons wishing to file a petition for rule making should consult the uniform rules for the professional licensing and regulation bureau at 193 IAC 9.

**193G—1.11(544C,17A) Declaratory orders.** Persons wishing to seek a declaratory order from the board should consult the uniform rules for the professional licensing and regulation bureau at 193 IAC 10.

**193G—1.12(544C,17A) Denial of issuance or renewal of registration for nonpayment of child support or student loans.** Board rules on the denial of issuance or renewal of registration for nonpayment of child support or student loans may be found in the uniform rules for the professional licensing and regulation bureau at 193 IAC 8.

**193G—1.13(544C,17A) Waivers and variances.**

**1.13(1)** Persons who wish to seek waivers or variances from board rules should consult the uniform rules for the professional licensing and regulation bureau at 193 IAC 5.

**1.13(2)** In addition to the provisions of 193 IAC 5, the following shall apply for interim rulings:

a. The board chairperson, or the vice-chairperson if the chairperson is not available, may rule on a petition for waiver or variance when it would not be timely to wait for the next regularly scheduled board meeting for a ruling from the board.

b. The executive officer, upon receipt of a petition that meets all applicable criteria established in 193 IAC 5, shall present the request to the board chairperson or vice-chairperson along with all pertinent information regarding established precedent for granting or denying such requests.

c. The chairperson or vice-chairperson shall reserve the right to hold an electronic meeting of the board when prior board precedent does not clearly resolve the request, input of the board is deemed required, and the practical result of waiting until the next regularly scheduled meeting would be a denial of the request due to timing issues.

d. A waiver report shall be placed on the agenda of the next regularly scheduled board meeting and recorded in the minutes of the meeting.

e. Subrule 1.13(2) on interim rulings does not apply if the waiver or variance was filed in a contested case.

**193G—1.14(544C,17A,272C) Investigation and investigatory subpoenas.** Board rules regarding investigations and investigatory subpoenas may be found in the uniform rules for the professional licensing and regulation bureau at 193 IAC 6.

**193G—1.15(544C,17A,272C) Contested case procedures.** Board rules on contested case procedures, including those related to the denial of an application for initial or

## INTERIOR DESIGN EXAMINING BOARD[193G](cont'd)

renewal registration and those related to disciplinary proceedings against registrants, may be found in the uniform rules for the professional licensing and regulation bureau at 193 IAC 7.

**193G—1.16(272C) Impaired registrants.** Board rules governing impaired practitioner review committees may be found in the uniform rules for the professional licensing and regulation bureau at 193 IAC 12.

These rules are intended to implement Iowa Code chapters 17A, 21, 22, 252J, 261 and 272C and Iowa Code Supplement chapter 544C.

## CHAPTER 2 REGISTRATION

**193G—2.1(544C) Certificate of registration.** All applicants for registration must satisfy the interior design education, practical training, and examination requirements established by this rule.

**2.1(1) Education and practical training.** An applicant for registration shall meet or exceed one of the following interior design education/practical training requirements:

a. A baccalaureate degree from a four-year interior design program or a substantially equivalent program, and at least two years of acceptable full-time work experience in the performance of interior design services.

b. A certificate, degree or diploma from a three-year interior design program or substantially equivalent program, and at least three years of acceptable full-time work experience in the performance of interior design services.

c. A certificate, degree or diploma from a two-year interior design program or substantially equivalent program, and at least four years of acceptable full-time work experience in the performance of interior design services.

**2.1(2) Examination.** An applicant for registration shall verify successful completion of the NCIDQ examination, or its equivalent.

**2.1(3) Transition provisions.** For a period of two years from July 1, 2005, the board may issue a certificate as a registered interior designer to a person residing in Iowa who does not meet the examination requirements specified in Iowa Code Supplement section 544C.5, if the person satisfies the following:

a. Has a minimum of two years of interior design education and a combined total of six years of interior design education and acceptable experience.

b. Has successfully completed Section 1 of the NCIDQ examination relating to life safety codes and barrier-free requirements.

c. Has submitted a completed application by June 30, 2007.

**2.1(4) Applications.**

a. Persons applying for certificates of registration on or prior to June 30, 2007, shall submit an application on a form provided by the board and shall pay a registration fee of \$350.

b. Registration certificates issued in response to applications filed on or prior to June 30, 2007, shall expire on June 30, 2009, and shall thereafter be converted to a staggered biennial renewal schedule.

c. Commencing with applications for initial or renewal registration filed on or after July 1, 2007, certificates issued to registrants with last names beginning with A through K shall expire on June 30 of even-numbered years and certificates issued to registrants with last names beginning with L through Z shall expire on June 30 of odd-numbered years. Registration fees and continuing education requirements

shall be applied pro rata to those registrants whose certificates expire in less than two years.

This rule is intended to implement Iowa Code Supplement chapter 544C.

## ARC 5297B

## PAROLE BOARD[205]

### Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 906.3, the Board of Parole hereby gives Notice of Intended Action to amend Chapter 11, “Parole Revocation,” Iowa Administrative Code.

This amendment adds language to clarify that a voluntary termination of parole shall be reviewed by an administrative parole judge, and that the authority to determine incarceration before return of the parolee to the Iowa Medical and Classification Center rests with the administrative parole judge and not the parole officer.

Any interested person may make written suggestions or comments on this proposed amendment prior to September 15, 2006. Such written materials should be directed to the Board of Parole, 510 East Twelfth Street, Des Moines, Iowa 50319. Persons wishing to convey their views orally should contact the Board of Parole at (515)725-5757.

This amendment is intended to implement Iowa Code section 906.3.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee’s review of this rule making.

The following amendment is proposed.

Amend rule 205—11.1(906) as follows:

**205—11.1(906) Voluntary termination of parole.** Any voluntary termination of parole should be executed in writing by the parolee and approved, reviewed by the parole officer, and approved by an administrative parole judge. Upon the execution of the voluntary termination of parole, the parolee’s parole is terminated and the parolee shall be returned to the Iowa Medical and Classification Center at Oakdale as soon as reasonably possible. ~~The parole officer shall~~ The administrative parole judge shall, after consultation with the parole officer, determine if the parolee shall be incarcerated prior to the parolee’s return to the Iowa Medical and Classification Center. ~~and The parole officer shall make arrangements accordingly.~~ The parolee shall receive credit for the time spent on parole prior to the voluntary termination of parole as determined by the administrative parole judge.

**ARC 5296B****PAROLE BOARD[205]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 906.3, the Board of Parole hereby gives Notice of Intended Action to amend Chapter 11, “Parole Revocation,” Iowa Administrative Code.

This amendment adds new rule 205—11.2(908), which states that inmates placed on “day reporting” status by the Department of Corrections shall be afforded the same procedural rights as parolees. This rule is intended to comply with the U.S. Supreme Court holding in *Young v. Harper*, 520 U.S. 143 (1997). In *Young* the court held that inmates released through programs which are substantially similar to parole are entitled to the same procedural safeguards as parolees when the inmates face revocation of release status.

Any interested person may make written suggestions or comments on this proposed amendment prior to September 15, 2006. Such written materials should be directed to the Board of Parole, 510 East Twelfth Street, Des Moines, Iowa 50319. Persons wishing to convey their views orally should contact the Board of Parole at (515)725-5757.

This amendment is intended to implement Iowa Code section 906.3.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee’s review of this rule making.

The following amendment is proposed.

Adopt the following **new** rule:

**205—11.2(908) Work release day reporting revocation.** When a work release day reporting inmate is subject to revocation of day reporting status, the work release day reporting inmate shall be entitled to all procedural protections afforded parolees pursuant to Iowa Code sections 908.3 to 908.7 and rules 205—11.3(908) to 205—11.11(908).

**ARC 5298B****PAROLE BOARD[205]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 906.3, the Board of Parole hereby gives Notice of Intended Action to amend Chapter 11, “Parole Revocation,” Iowa Administrative Code.

This amendment adds “aggravated misdemeanor” as a type of offense subject to a recommendation for an automatic revocation.

Any interested person may make written suggestions or comments on this proposed amendment prior to September 15, 2006. Such written materials should be directed to the Board of Parole, 510 East Twelfth Street, Des Moines, Iowa 50319. Persons wishing to convey their views orally should contact the Board of Parole at (515)725-5757.

This amendment is intended to implement Iowa Code section 908.10A.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee’s review of this rule making.

The following amendment is proposed.

Amend paragraph **11.6(2)“f”** as follows:

f. Automatic revocation. This recommendation may be used when a parolee has been convicted of and sentenced for a new felony: *committed while on parole or when the parolee is convicted and sentenced to incarceration in a state correctional institution for an aggravated misdemeanor committed while on parole.*

**ARC 5295B****PROFESSIONAL LICENSURE  
DIVISION[645]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 147.76, the Board of Physician Assistant Examiners hereby gives Notice of Intended Action to amend Chapter 327, “Practice of Physician Assistants,” Iowa Administrative Code.

The proposed amendment is consistent with 2006 legislative changes which permit the prescribing of stimulants by a physician assistant.

Any interested person may make written comments on the proposed amendments no later than September 6, 2006, addressed to Pierce Wilson, Professional Licensure Division, Department of Public Health, Lucas State Office Building, Des Moines, Iowa 50319-0075, E-mail [pwilson@idph.state.ia.us](mailto:pwilson@idph.state.ia.us).

A public hearing will be held on September 6, 2006, from 9 to 9:30 a.m. in the Fifth Floor Board Conference Room, Lucas State Office Building, at which time persons may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the proposed amendments.

This amendment is intended to implement 2006 Iowa Acts, House File 2331.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515)

## PROFESSIONAL LICENSURE DIVISION[645](cont'd)

281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is proposed.

Amend subrule **327.1(1)**, paragraph “s,” subparagraph (2), as follows:

(2) The physician assistant may not prescribe Schedule II controlled substances which are listed as ~~stimulants or depressants~~ in Iowa Code chapter 124. The physician assistant may order Schedule II controlled substances which are listed as ~~stimulants or depressants~~ in Iowa Code chapter 124 only with the prior approval and direction of a physician. Prior approval may include discussion of the specific medical problems with a supervising physician prior to the patient's being seen by the physician assistant.

**ARC 5325B****REVENUE DEPARTMENT[701]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 40, “Determination of Net Income,” Chapter 41, “Determination of Taxable Income,” Chapter 42, “Adjustments to Computed Tax,” and Chapter 52, “Filing Returns, Payment of Tax and Penalty and Interest,” Iowa Administrative Code.

These amendments are proposed as a result of 2005 Iowa Acts, House File 801, 2006 Iowa Acts, House File 2461, and 2006 Iowa Acts, Senate Files 2312 and 2409.

Item 1 amends rule 701—40.1(422) to reference new rules 701—40.67(422) and 701—40.68(422) to update a cross reference.

Item 2 adopts new rule 701—40.67(422) to provide for a deduction of \$2,000 for individual income tax for the cost of a clean fuel motor vehicle that is eligible for the alternative motor vehicle credit under Section 30B of the Internal Revenue Code for such motor vehicle.

Item 3 adopts new rule 701—40.68(422) to provide for an exclusion from income for Iowa individual income tax for grants received under the injured veterans grant program administered by the Iowa Department of Veterans Affairs. This rule also provides for a deduction for individual income tax for amounts contributed to the Iowa Department of Veterans Affairs for the purpose of providing grants under the injured veterans grant program.

Item 4 amends rule 701—41.5(422) by adding new subrules to provide that itemized deductions are not allowed for individual income tax when deductions were previously claimed for unreimbursed expenses relating to a human organ transplant and when deductions were previously claimed for amounts contributed to the injured veterans grant program. A new subrule was also added to provide that itemized deductions are not allowed for individual income tax for contributions made to a school tuition organization when a taxpayer claimed a school tuition organization tax credit for this same contribution.

Item 5 amends subrule 42.2(11) to include federal revisions made in 2005 in the research activities credit for individual income tax.

Item 6 amends subrules 52.7(3) and 52.7(5) to include federal revisions made in 2005 in the research activities credit for corporation income tax.

The proposed amendments will not necessitate additional expenditures by political subdivisions or agencies and entities which contract with political subdivisions.

Any person who believes that the application of the discretionary provisions of these amendments would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

The Department has determined that these proposed amendments may have an impact on small business. The Department has considered the factors listed in Iowa Code section 17A.4A. The Department will issue a regulatory analysis as provided in Iowa Code section 17A.4A if a written request is filed by delivery or by mailing postmarked no later than September 18, 2006, to the Policy Section, Compliance Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. The request may be made by the Administrative Rules Review Committee, the Administrative Rules Coordinator, at least 25 persons signing that request who each qualify as a small business or an organization representing at least 25 such persons.

Any interested person may make written suggestions or comments on these proposed amendments on or before September 5, 2006. Such written comments should be directed to the Policy Section, Compliance Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306.

Persons who want to convey their views orally should contact the Policy Section, Compliance Division, Department of Revenue, at (515)281-8036 or at the Department of Revenue offices on the fourth floor of the Hoover State Office Building.

Requests for a public hearing must be received by September 8, 2006.

These amendments are intended to implement Iowa Code Supplement section 422.3 and sections 15.335, 15A.9, 422.10, 422.32, and 422.33 as amended by 2006 Iowa Acts, House File 2461; section 422.7 as amended by 2006 Iowa Acts, Senate File 2312, and 2006 Iowa Acts, House File 2461; and 2006 Iowa Acts, Senate File 2409.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendments are proposed.

ITEM 1. Amend rule 701—40.1(422) as follows:

**701—40.1(422) Net income defined.** Net income for state individual income tax purposes shall mean federal adjusted gross income as properly computed under the Internal Revenue Code and shall include the adjustments in 40.2(422) to 40.10 9(422). The remaining provisions of this rule and 40.12(422) to 40.66 68(422) shall also be applicable in determining net income.

This rule is intended to implement Iowa Code section 422.7.

ITEM 2. Amend 701—Chapter 40 by adopting the following **new** rule:

REVENUE DEPARTMENT[701](cont'd)

**701—40.67(422) Deduction for alternative motor vehicles.** For tax years beginning on or after January 1, 2006, but beginning before January 1, 2011, a taxpayer may subtract \$2,000 for the cost of a clean fuel motor vehicle if the taxpayer was eligible to claim for federal tax purposes the alternative motor vehicle credit under Section 30B of the Internal Revenue Code for this motor vehicle.

The vehicles eligible for this deduction include new qualified fuel cell motor vehicles, new advanced lean burn technology motor vehicles, new qualified hybrid motor vehicles and new qualified alternative fuel vehicles. These vehicles must be placed in service after December 31, 2005, but before January 1, 2011, to qualify for the deduction. A taxpayer must claim a credit on the taxpayer's federal income tax return on federal Form 8910 to claim the deduction on the Iowa return.

This rule is intended to implement Iowa Code section 422.7 as amended by 2006 Iowa Acts, House File 2461.

ITEM 3. Amend 701—Chapter 40 by adopting the following **new** rule:

**701—40.68(422) Injured veterans grant program.**

**40.68(1)** For tax years beginning on or after January 1, 2006, a taxpayer who receives a grant under the injured veterans grant program provided in 2006 Iowa Acts, Senate File 2312, section 1, may subtract, to the extent included in federal adjusted gross income, the amount of the grant received. The injured veterans grant program is administered by the Iowa department of veterans affairs, and grants of up to \$10,000 are provided to veterans who are residents of Iowa and are injured in the line of duty in a combat zone or in a zone where the veteran was receiving hazardous duty pay after September 11, 2001.

**40.68(2)** For tax years beginning on or after January 1, 2006, a taxpayer may subtract, to the extent not otherwise deducted in computing adjusted gross income, the amounts contributed to the department of veterans affairs for the purpose of providing grants under the injured veterans grant program established in 2006 Iowa Acts, Senate File 2312, section 1. If a deduction is claimed for these amounts contributed to the injured veterans grant program, this deduction cannot also be claimed as an itemized deduction for charitable contributions under Section 170 of the Internal Revenue Code for Iowa tax purposes.

This rule is intended to implement Iowa Code section 422.7 as amended by 2006 Iowa Acts, Senate File 2312.

ITEM 4. Amend rule 701—41.5(422) by adopting the following **new** subrules:

**41.5(12)** Medical expense deduction for certain unreimbursed expenses relating to a human organ transplant. For tax years beginning on or after January 1, 2005, a taxpayer who claims a deduction for unreimbursed travel and lodging expenses relating to a human organ transplant in accordance with rule 701—40.66(422) cannot claim an itemized deduction for medical expenses under Section 213(d) of the Internal Revenue Code for these same expenses for Iowa tax purposes.

**41.5(13)** Charitable contributions relating to the injured veterans grant program. For tax years beginning on or after January 1, 2006, a taxpayer who claims a deduction for contributions to the injured veterans grant program in accordance with 701—subrule 40.68(2) cannot claim an itemized deduction for charitable contributions under Section 170 of the Internal Revenue Code for the same contribution for Iowa tax purposes.

**41.5(14)** Charitable contributions relating to school tuition organizations. For tax years beginning on or after January 1, 2006, a taxpayer who claims a school tuition organization tax credit in accordance with rule 701—42.30(422)\* cannot claim an itemized deduction for charitable contributions under Section 170 of the Internal Revenue Code for the amount of the contribution to the school tuition organization for Iowa tax purposes.

ITEM 5. Amend subrule **42.2(11)**, paragraph “b,” first unnumbered paragraph, as follows:

For purposes of this subrule, the terms “base amount,” “basic research payment,” and “qualified research expense” mean the same as defined for the federal credit for increasing research activities under Section 41 of the Internal Revenue Code, except that, for purposes of the alternative incremental credit described in paragraph “b” of this subrule, such amounts are limited to research activities conducted within this state. For purposes of this subrule, “Internal Revenue Code” means the Internal Revenue Code in effect on January 31, 2005 *1, 2006*.

ITEM 6. Amend rule 701—52.7(422) as follows:

Amend subrule **52.7(3)**, paragraph “c,” as follows:

c. For purposes of this subrule, the terms “base amount,” “basic research payment,” and “qualified research expense” mean the same as defined for the federal credit for increasing research activities under Section 41 of the Internal Revenue Code, except that, for purposes of the alternative incremental credit described in paragraph “b” of this subrule, such amounts are limited to research activities conducted within this state. For purposes of this rule, “Internal Revenue Code” means the Internal Revenue Code in effect on January 31, 2005 *1, 2006*.

Amend subrule **52.7(5)**, paragraph “c,” as follows:

c. For purposes of this subrule, the terms “base amount,” “basic research payment,” and “qualified research expense” mean the same as defined for the federal credit for increasing research activities under Section 41 of the Internal Revenue Code, except that, for purposes of the alternative incremental credit described in subrule 52.7(3) of this rule, such amounts are limited to research activities conducted within the quality jobs enterprise zone. For purposes of this rule, “Internal Revenue Code” means the Internal Revenue Code in effect on January 31, 2005 *1, 2006*.

Amend the implementation clause as follows:

This rule is intended to implement Iowa Code section 422.33 as amended by 2005 *2006* Iowa Acts, House File 486 *2461*.

\*See Notice of Intended Action published in the July 19, 2006, Iowa Administrative Bulletin as **ARC 5255B**.

**NOTICE—PUBLIC FUNDS  
INTEREST RATES**

In compliance with Iowa Code chapter 74A and section 12C.6, the committee composed of Treasurer of State Michael L. Fitzgerald, Superintendent of Credit Unions James E. Forney, Superintendent of Banking Thomas B. Gronstal, and Auditor of State David A. Vaudt have established today the following rates of interest for public obligations and special assessments. The usury rate for August is 7.25%.

**INTEREST RATES FOR PUBLIC  
OBLIGATIONS AND ASSESSMENTS**

74A.2 Unpaid Warrants . . . . . Maximum 6.0%  
74A.4 Special Assessments . . . . . Maximum 9.0%

RECOMMENDED Rates for Public Obligations (74A.3) and School District Warrants (74A.7). A rate equal to 75% of the Federal Reserve monthly published indices for U.S. Government securities of comparable maturities. All Iowa Banks and Iowa Savings Associations as defined by Iowa Code section 12C.1 are eligible for public fund deposits as defined by Iowa Code section 12C.6A.

The rate of interest has been determined by a committee of the state of Iowa to be the minimum interest rate that shall be

paid on public funds deposited in approved financial institutions. To be eligible to accept deposits of public funds of the state of Iowa, a financial institution shall demonstrate a commitment to serve the needs of the local community in which it is chartered to do business. These needs include credit services as well as deposit services. All such financial institutions are required to provide the committee with a written description of their commitment to provide credit services in the community. This statement is available for examination by citizens.

New official state interest rates, effective August 8, 2006, setting the minimums that may be paid by Iowa depositories on public funds are listed below.

**TIME DEPOSITS**

7-31 days . . . . . Minimum 2.00%  
32-89 days . . . . . Minimum 3.00%  
90-179 days . . . . . Minimum 3.30%  
180-364 days . . . . . Minimum 3.60%  
One year to 397 days . . . . . Minimum 3.80%  
More than 397 days . . . . . Minimum 5.00%

These are minimum rates only. The one year and less are four-tenths of a percent below average rates. Public body treasurers and their depositories may negotiate a higher rate according to money market rates and conditions.

Inquiries may be sent to Michael L. Fitzgerald, Treasurer of State, State Capitol, Des Moines, Iowa 50319.

**ARC 5300B****ECONOMIC DEVELOPMENT, IOWA  
DEPARTMENT OF[261]****Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development adopts amendments to Chapter 2, "Grow Iowa Values Fund Assistance," and Chapter 68, "High Quality Job Creation Program," Iowa Administrative Code.

Pursuant to 2006 Iowa Acts, House File 2782, section 39, a change was made to the definition of "benefits" for purposes of the Wage-Benefits Tax Credit chapter of the Iowa Code. Because there are cross references to that definition in the High Quality Job Creation Program (see Iowa Code Supplement section 15.335A(2)(c)) and the Grow Iowa Values Fund (see Iowa Code Supplement section 15G.112(3)), the method by which benefits are valued must be revised in the Department's rules. The value of benefits is included as part of the wage calculation for purposes of qualifying for assistance from the High Quality Job Creation Program and the Grow Iowa Values Fund. The amendments clarify how medical, dental, and vision insurance plan benefits will be valued for purposes of calculating the starting wage of a job.

The Iowa Economic Development Board adopted these amendments on July 19, 2006.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are impracticable because the new legislation, effective July 1, 2006, requires the Department to follow a new method of valuing benefits when calculating wages for purposes of meeting program eligibility requirements.

The Department also finds, pursuant to Iowa Code section 17A.5(2)"b"(2), that the normal effective date of the amendments should be waived and the amendments should be made effective upon filing with the Administrative Rules Coordinator on July 19, 2006. The legislation changed the method by which benefit values must be calculated, and there are pending applications that will be impacted by these changes. Having emergency rules in effect will permit the Department to act on these pending applications.

These amendments are also published herein under Notice of Intended Action as **ARC 5301B** to allow for public comment.

These amendments became effective July 19, 2006.

These amendments are intended to implement 2006 Iowa Acts, House File 2782, section 39.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendments are adopted.

ITEM 1. Amend paragraph **2.4(2)"b"** as follows:

b. IVF wage requirement.

(1) In order to receive financial assistance from the grow Iowa values fund, applicants shall demonstrate that the average annual wage, including benefits, of project jobs will be equal to or exceed 130 percent of the average county wage. "Average county wage" means the average the department calculates using the most current four quarters of wage and employment information as provided in the quarterly cov-

ered wage and employment data report as provided by the Iowa department of workforce development. Agricultural/mining and governmental employment categories are deleted in compiling the wage information. "Benefits" means all of the following: medical and dental insurance plans, pension and profit-sharing plans, child care services, life insurance coverage, vision insurance plan, and disability coverage.

(2) *Benefit values.* Beginning July 1, 2006, for purposes of calculating the starting wage of each created job, the department shall place a value on each benefit the business makes available to all full-time employees as described below:

1. *Medical, dental, or vision insurance plans.* The department shall use the greater of the business's portion of the annual premium for: (1) employee-only or single coverage, or (2) family coverage in the wage calculation. If the business's plan is self-insured, the department will look at the amount paid by the business for costs associated with the plan during the past three years and determine the average annual contribution per employee for that three-year period when determining the value of the medical, dental, or vision plan for the wage calculation.

2. *Pension and profit-sharing plans.* A retirement program offered by the business, such as a 401(k) plan, and to which the business makes a monetary contribution, shall be considered the equivalent of a pension plan.

- For a pension plan, the department shall use the same calculation used by the business to determine the annual contribution per employee. The annual contribution per employee will be used in determining the value for the wage calculation.

- For a 401(k) plan or similar retirement program, the department shall use the average percentage of salary matched or contributed annually by the business on a per-employee basis in determining the value for the wage calculation.

- For a profit-sharing plan, the department shall look at the amount paid out over the past three years and determine the average annual bonus or contribution per employee for that three-year period when determining the value for the wage calculation.

3. *Child care services.* Child care services include on-site child care services at the facility in which the project will be located or off-site child care services subsidized by the business at the rate of 50 percent or more of the child care services costs incurred by an employee. The child care services valuation will be based on contributions made by the business for that service, as determined by the department, less any employee-paid costs for that service. The department may consider comparable costs in the local child care market in determining the value of the contribution made by the business. With respect to the wage calculation, the value of this benefit will be applied using the same percentage as the percentage of employees utilizing the business's child care benefit.

4. *Life insurance and disability coverage.* The portion of the annual premium or cost paid by the business for life insurance and disability coverage will be used in determining the value for the wage calculation. Life insurance premiums paid by the business for dependent coverage will not be included.

(2) (3) If an applicant is applying for grow Iowa values fund moneys, the department will first review the application to ensure that the IVF wage requirement is met. The department will then review the application for compliance with the



## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

wage and benefit requirements of the department program from which financial assistance is to be provided.

ITEM 2. Amend rule **261—68.1(81GA,HF868)**, definition of “Act,” as follows:

“Act” means ~~2005 Iowa Acts, House File 868 Iowa Code section 15.332 and 2005 Iowa Code Supplement sections 15.326 to 15.331 and 15.333 to 15.336.~~

ITEM 3. Amend subrule **68.3(3)**, paragraph “a,” as follows:

a. Medical, dental, or vision insurance plans. ~~The Starting on July 1, 2006, the department shall use the greater of the business’s portion of the annual premium for: (1) employee-only or single coverage, or (2) family coverage in the wage calculation. If the business’s plan is self-insured, the department will look at the amount paid by the business for costs associated with employee-only or single coverage the plan during the past three years and determine the average annual contribution per employee for that three-year period when determining the value of the medical, dental, or vision plan for the wage calculation.~~

[Filed Emergency 7/19/06, effective 7/19/06]

[Published 8/16/06]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

## ARC 5302B

### ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

#### Adopted and Filed Emergency

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby adopts amendments to Chapter 59, “Enterprise Zones,” Iowa Administrative Code.

The amendments include adding definitions for “agricultural land,” “blighted area,” and “transportation enterprise zone”; extending the time period for zone certification from March 1, 2006, to July 1, 2010; changing the eligibility requirements for cities from population to census tract criteria; removing city zones as part of the county 1 percent area limit; establishing transportation enterprise zone criteria, zone amendment criteria, and zone extension criteria; providing for joint city and county enterprise zone commissions; and allowing projects to extend beyond zone boundaries.

The Iowa Economic Development Board adopted these amendments on July 19, 2006.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are impracticable and contrary to the public interest. It is necessary to have the amendments in effect to permit the Department to act on Enterprise Zone designations for several pending projects.

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of the amendments should be waived and the amendments should be made effective upon filing with the Administrative Rules Coordinator on July 19, 2006. The Department is aware of several pending projects in enterprise zones that require action as soon as possible to avoid any unnecessary delays.

These amendments are also published herein under Notice of Intended Action as **ARC 5303B** to allow for public comment.

These amendments became effective July 19, 2006.

These amendments are intended to implement 2006 Iowa Acts, Senate File 2147 and Senate File 2183.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee’s review of this rule making.

The following amendments are adopted.

ITEM 1. Amend rule **261—59.2(15E)** as follows:

Amend the definition of “Act” as follows:

“Act” means Iowa Code (2005) sections ~~15E.191 through 15E.196 as amended by 2005 Iowa Acts, House File 868, House File 882, and Senate File 365 sections 15E.191 and 15E.196; section 15E.193 as amended by 2006 Iowa Acts, Senate File 2147; Iowa Code sections 15E.194 and 15E.195; and Iowa Code Supplement sections 15E.192 and 15E.193B as amended by 2006 Iowa Acts, Senate File 2183.~~

Adopt the following **new** definitions in alphabetical order:

“Agricultural land” as defined in Iowa Code section 403.17 means real property owned by a person in tracts of ten acres or more and not laid off into lots of less than ten acres or divided by streets and alleys into parcels of less than ten acres, and that has been used for the production of agricultural commodities during three out of the past five years. Such use of property includes, but is not limited to, the raising, harvesting, handling, drying, or storage of crops used for feed, food, seed, or fiber; the care or feeding of livestock; the handling or transportation of crops or livestock; the storage, treatment, or disposal of livestock manure; and the application of fertilizers, soil conditioners, pesticides, and herbicides on crops. “Agricultural land” includes land on which is located farm residences or outbuildings used for agricultural purposes and land on which is located facilities, structures, or equipment for agricultural purposes. “Agricultural land” includes land taken out of agricultural production for purposes of environmental protection or preservation.

“Blighted area” as defined in Iowa Code section 403.17 means an area of a municipality within which the local governing body of the municipality determines that the presence of a substantial number of slum, deteriorated, or deteriorating structures; defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility, or usefulness; insanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; or the existence of conditions which endanger life or property by fire and other causes; or any combination of these factors; substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, or welfare in its present condition and use. A disaster area referred to in Iowa Code section 403.5, subsection 7, constitutes a “blighted area.” “Blighted area” does not include real property assessed as agricultural land or property for purposes of property taxation.

“Transportation enterprise zone” means a site or sites certified by the Iowa department of economic development board for the purpose of attracting private investment within economically distressed areas of cities within the state which are in close proximity to transportation facilities.

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

ITEM 2. Amend rule 261—59.3(15E), introductory paragraph, as follows:

**261—59.3(15E) Enterprise zone certification.** An eligible county or an eligible city may request the board to certify an area meeting the requirements of the Act and these rules as an enterprise zone. Certified enterprise zones will remain in effect for a period of ten years from the date of certification by the board. A county may request zone certification under subrule 59.3(1) at any time prior to December 1, 2003. A county or city may request zone certification under subrule *subrules* 59.3(2), *or* 59.3(3), 59.3(4) and 59.3(6) at any time prior to ~~March 1, 2006~~ July 1, 2010.

ITEM 3. Amend subrule **59.3(1)**, paragraph “b,” as follows:

b. Zone parameters. Up to 1 percent of a county area may be certified as an enterprise zone. A county may establish more than one enterprise zone. The total amount of land certified as enterprise zones, other than those zones certified pursuant to ~~subrule 59.3(5)~~ *subrules* 59.3(3), 59.3(4) and 59.3(6), shall not exceed in the aggregate 1 percent of the total county area. An eligible county containing a city whose boundaries extend into an adjacent county may establish an enterprise zone in an area of the city located in the adjacent county if the adjacent county’s board of supervisors adopts a resolution approving the establishment of the enterprise zone in the city and the two counties enter into an agreement pursuant to Iowa Code chapter 28E regarding the establishment of the enterprise zone.

ITEM 4. Amend subrule **59.3(2)**, paragraph “b,” as follows:

b. Zone parameters. Up to 1 percent of a county area may be certified as an enterprise zone. A county may establish more than one enterprise zone. The total amount of land certified as enterprise zones, other than those zones certified pursuant to ~~subrule 59.3(5)~~ *subrules* 59.3(3), 59.3(4) and 59.3(6), shall not exceed in the aggregate 1 percent of the total county area. An eligible county containing a city whose boundaries extend into an adjacent county may establish an enterprise zone in an area of the city located in the adjacent county if the adjacent county’s board of supervisors adopts a resolution approving the establishment of the enterprise zone in the city and the two counties enter into an agreement pursuant to Iowa Code chapter 28E regarding the establishment of the enterprise zone.

ITEM 5. Amend subrule **59.3(3)**, paragraph “a,” introductory paragraph, as follows:

a. Requirements. To be eligible for enterprise zone certification, a *designated area within a city (population of 24,000 or more which includes at least three census tracts with at least 50 percent of the population in each tract located in the city, as shown by the 2000 certified federal census)*, must meet at least two of the following criteria:

ITEM 6. Amend subrule **59.3(3)**, paragraph “b,” as follows:

b. Population limits. A city ~~with a population of 24,000 or more which includes at least three census tracts with at least 50 percent of the population in each tract located in the city, as shown by the 2000 certified federal census~~, may request enterprise zone certification by the board. The zone shall consist of one or more contiguous census tracts, as determined in the most recent federal census, or alternative geographic units approved by the department, for that purpose. In creating an enterprise zone, an eligible city may designate as part of the area tracts or approved geographic units

located in a contiguous city if such tracts or approved geographic units otherwise meet the criteria on their own and the contiguous city agrees to be included in the enterprise zone.

ITEM 7. Amend subrule **59.3(3)**, paragraph “c,” as follows:

c. Zone parameters. A city may establish more than one enterprise zone. ~~Up to 1 percent of the county in which the city is located may be certified as enterprise zones (not including those zones certified pursuant to subrule 59.3(5)). The area meeting the requirements for eligibility for an enterprise zone shall not be included for the purpose of determining the 1 percent aggregate area limitation for enterprise zones.~~ If there is an area in the city which meets the requirements for eligibility for an urban or rural enterprise community under Title XIII of the federal Omnibus Budget Reconciliation Act of 1993, such area shall be certified by the state as an enterprise zone. ~~(The area meeting the requirements for eligibility for an urban or rural enterprise community shall not be included for the purpose of determining the 1 percent aggregate area limitation for enterprise zones.)~~

ITEM 8. Renumber existing subrules **59.3(4)** and **59.3(5)** as **59.3(5)** and **59.3(6)**, respectively, and adopt the following **new** subrule:

**59.3(4) Transportation enterprise zone—eligibility.**

a. Transportation enterprise zone requirements. To be eligible for transportation enterprise zone certification, a designated area within a city which includes at least three census tracts with at least 50 percent of the population in each tract located in the city, as shown by the 2000 certified federal census, must be a blighted area as defined in Iowa Code section 403.17, but must not be agricultural land or property, and must include or be within four miles of at least three of the following:

(1) A commercial service airport, as defined by the Iowa department of transportation.

(2) A barge terminal or a navigable waterway, as defined by the Iowa department of transportation.

(3) Entry to a rail line.

(4) Entry to an interstate highway.

(5) Entry to a commercial and industrial highway network as identified pursuant to Iowa Code section 313.2A.

b. Transportation enterprise zone population limits. A city which includes at least three census tracts with at least 50 percent of the population in each tract located in the city, as shown by the 2000 certified federal census, may request transportation enterprise zone certification by the board.

c. Transportation enterprise zone parameters. A city may establish more than one transportation enterprise zone. The area being designated as a transportation enterprise zone shall not exceed four square miles. The area meeting the requirements for eligibility for a transportation enterprise zone shall not be included for the purpose of determining the 1 percent aggregate area limitation for enterprise zones.

d. Transportation enterprise zone award restrictions. In the period from July 1, 2007, through June 30, 2010, the cumulative total of benefits awarded to eligible businesses shall not exceed \$25 million per fiscal year. Value-added property tax exemption benefits provided by the city shall not count against the \$25 million. Transportation enterprise zones established pursuant to this subrule shall not be used to provide incentives for eligible housing businesses to construct new housing units or rehabilitate existing housing units.

ITEM 9. Amend renumbered subrule **59.3(5)**, paragraph “d,” as follows:

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

d. Amendments. A certified enterprise zone may be amended at the request of the city or county that originally applied for the zone certification. Requests must be in writing and be received by the department prior to December 1, 2003, if the county is eligible pursuant to subrule 59.3(1) or *prior to March 1, 2006 July 1, 2010*, if the county or city is eligible pursuant to subrule 59.3(2), ~~or~~ 59.3(3), *or* 59.3(4). Requests must include the enterprise zone name and number, as established by the department when the zone was certified, the date the zone was originally certified, the reason an amendment is being requested, the number of acres the zone will contain if the amendment is approved, and a resolution of the city council or board of supervisors, as appropriate, requesting the amendment. A legal description of the amended enterprise zone and a map which shows both the original enterprise zone boundaries and the proposed changes to those boundaries shall accompany the written request.

A city requesting an amendment that consists of an area being added to the enterprise zone must include documentation that demonstrates that the area being added meets the eligibility requirements of subrule 59.3(3) *or* 59.3(4). A city requesting an amendment that consists of an area being removed from the enterprise zone must include documentation that demonstrates that the remaining area still meets the eligibility requirements of subrule 59.3(3) *or* 59.3(4).

An amendment shall not extend the zone's ten-year expiration date, as established when the zone was initially certified by the board *or when the board approved an extension*. The board will review the request and may approve, deny, or defer the proposed amendment. A county or city shall not be allowed to remove a portion of an enterprise zone that contains an eligible business or eligible housing business that has received incentives and assistance under this program *and whose agreement, described in rule 59.13(15E), has not yet expired*.

ITEM 10. Amend renumbered subrule **59.3(5)**, paragraph "**e**," as follows:

e. Decertification. A county or city may request decertification of an enterprise zone. Requests must be in writing and be received by the department prior to December 1, 2003, if the county is eligible pursuant to subrule 59.3(1) or *prior to March 1, 2006 July 1, 2010*, if the county or city is eligible pursuant to subrule 59.3(2), ~~or~~ 59.3(3), *or* 59.3(4). Requests must include the enterprise zone name and number, as established by the department when the zone was certified, the date the zone was originally certified, and a resolution of the city council or board of supervisors, as appropriate, requesting the decertification. Requests for enterprise zone decertification will be reviewed by the board and may be approved, denied or deferred. If the county or city requesting decertification designates a subsequent enterprise zone, the expiration date of the subsequent enterprise zone shall be the same as the expiration date of the decertified enterprise zone. A county or city shall not be allowed to decertify an enterprise zone that contains an eligible business or eligible housing business that has received incentives and assistance under this program *and whose agreement, described in rule 59.13(15E), has not yet expired*.

ITEM 11. Amend renumbered subrule **59.3(5)** by adopting the following **new** paragraph "**f**":

f. Extensions. Prior to the expiration of an enterprise zone, a city or county may apply for a one-time extension.

(1) Counties eligible under subrule 59.3(1) but not eligible under subrule 59.3(2). A county may request that the board extend the expiration date of a previously certified en-

terprise zone. The extended expiration date will be one year following the complete publication of the 2010 federal census, as determined by the department.

In applying for this one-time extension, the county may redefine the boundaries of the enterprise zone provided the size of the enterprise zone remains unchanged. A county shall not be allowed to redefine the boundaries of an enterprise zone if the redefinition would result in removing an area that contains an eligible business or eligible housing business that has received incentives and assistance under this program and whose agreement, described in rule 59.13(15E), has not yet expired.

(2) Counties eligible under subrule 59.3(2). A county may request that the board extend the expiration date of a previously certified enterprise zone by ten years. In applying for this one-time, ten-year extension, the county may redefine the boundaries of the enterprise zone provided the redefinition of the enterprise zone does not cause the county to exceed the 1 percent aggregate area limitation for enterprise zones. A county shall not be allowed to redefine the boundaries of an enterprise zone if the redefinition would result in removing an area that contains an eligible business or eligible housing business that has received incentives and assistance under this program and whose agreement, described in rule 59.13(15E), has not yet expired.

(3) Cities eligible under subrule 59.3(3). A city may request that the board extend the expiration date of a previously certified enterprise zone by ten years provided that at the time of the request, the enterprise zone meets the eligibility requirements established by paragraph 59.3(3)"a." In applying for this one-time, ten-year extension, the city may redefine the boundaries of the enterprise zone provided that the redefined enterprise zone meets the eligibility requirements established in paragraph 59.3(3)"a." A city shall not be allowed to redefine the boundaries of an enterprise zone if the redefinition would result in removing an area that contains an eligible business or eligible housing business that has received incentives and assistance under this program and whose agreement, described in rule 59.13(15E), has not yet expired.

(4) Extension requests. Extension requests shall be made using the form provided by the department and shall be accompanied by a resolution of the city council or board of supervisors, as appropriate, requesting the extension of the enterprise zone. The board will review requests for enterprise zone extensions. The board may approve, deny, or defer an extension request.

ITEM 12. Amend rule 261—59.4(15E), introductory paragraph, as follows:

**261—59.4(15E) Enterprise zone commission.** Following notice of enterprise zone certification by the board, the applicant city or county shall establish an enterprise zone commission. The commission shall review applications from eligible businesses and eligible housing businesses located in the zone and forward approved applications to the department for final review and approval. *A county eligible to designate enterprise zones which contains a city which is eligible to designate enterprise zones, upon mutual agreement between the board of supervisors and the city council and in consultation with the department, may elect to establish one enterprise zone commission to serve both the county and the city.*

ITEM 13. Amend subrule **59.4(1)**, paragraph "**b**," introductory paragraph, as follows:

b. City enterprise zone commission. A city in which an eligible enterprise zone is certified shall have only one enter-

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

prise zone commission. A city with a population of 24,000 or more which designates an enterprise zone pursuant to Iowa Code Supplement section 15E.194, subsection 2, and which includes at least three census tracts with at least 50 percent of the population in each census tract located in the city, as shown by the 2000 federal census, in which an eligible enterprise zone is certified shall establish an enterprise zone commission to review applications from qualified businesses located within or requesting to locate within an enterprise zone to receive incentives or assistance. The commission shall consist of nine members. Six of these members shall consist of:

ITEM 14. Amend subrule 59.6(1), introductory paragraph, as follows:

**59.6(1) Requirements.** A business which is or will be located, in whole or in part, in an enterprise zone is eligible to receive incentives and assistance under the Act if the business meets all of the following:

ITEM 15. Amend subrule **59.6(1)** by adopting the following **new** paragraph “g”:

g. Location within zone. If the business is only partially located in an enterprise zone, the business must be located on contiguous land.

[Filed Emergency 7/19/06, effective 7/19/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

## ARC 5305B

### ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

#### Adopted and Filed Emergency

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby adopts Chapter 70, “Port Authority Grant Program,” Iowa Administrative Code.

The new chapter implements 2006 Iowa Acts, House File 2782, section 1(4). The legislation authorizes the establishment of an Iowa Port Authority Grant Program. The rules describe eligibility requirements, the application and review process, and contract administration procedures.

The Iowa Economic Development Board adopted these rules on July 19, 2006.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are impracticable and contrary to the public interest. It is necessary to have rules in effect to permit the Department to begin accepting applications as soon as possible after the effective date of the legislation.

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of the rules should be waived and the rules should be made effective upon filing with the Administrative Rules Coordinator on July 19, 2006. Having administrative rules in effect on this date will allow applicants to submit applications and will permit the Department to make awards to eligible applicants.

These rules are also published herein under Notice of Intended Action as **ARC 5304B** to allow for public comment.

These rules became effective on July 19, 2006.

These rules are intended to implement 2006 Iowa Acts, House File 2782, section 1(4).

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is adopted.

Adopt the following **new** chapter:

#### CHAPTER 70

#### PORT AUTHORITY GRANT PROGRAM

**261—70.1(81GA,HF2782) Purpose.** The purpose of the Iowa port authority grant program is to provide support for programs that enhance, foster, aid, provide, or promote transportation, economic development, recreation, governmental operations, culture, or research within the jurisdiction of a port authority pursuant to Iowa Code Supplement chapter 28J.

#### **261—70.2(81GA,HF2782) Definitions.**

“Authorized purposes” means activities that enhance, foster, aid, provide, or promote transportation, economic development, housing, recreation, education, governmental operations, culture, or research within the jurisdiction of a port authority.

“Board” means the board of directors of a port authority established pursuant to Iowa Code Supplement section 28J.2.

“City” means the same as defined in Iowa Code section 362.2.

“Construction” means alteration, creation, development, enlargement, erection, improvement, installation, reconstruction, remodeling, and renovation.

“Contracting governmental agency” means any governmental agency or taxing district of the state that, by action of its legislative authority, enters into an agreement with a port authority pursuant to Iowa Code Supplement section 28J.17.

“Cost” as applied to a port authority facility means any of the following:

1. The cost of construction contracts, land, rights-of-way, property rights, easements, franchise rights, and interests required for acquisition or construction.

2. The cost of demolishing or removing any buildings or structures on land, including the cost of acquiring any lands to which those buildings or structures may be moved.

3. The cost of diverting a highway, interchange of a highway, and access roads to private property, including the cost of land or easements, and relocation of a facility of a utility company or common carrier.

4. The cost of machinery, furnishings, equipment, financing charges, interest prior to and during construction and for no more than 12 months after completion of construction, engineering, and expenses of research and development with respect to a facility.

5. Legal and administrative expenses, plans, specifications, surveys, studies, estimates of cost and revenues, engineering services, and other expenses necessary or incident to determining the feasibility or practicability of acquiring or constructing a facility.

6. The interest on the revenue bonds and pledge orders during the period or estimated period of construction and for 12 months thereafter, or for 12 months after the acquisition date, reserve funds as the port authority deems advisable in connection with a facility and the issuance of port authority revenue bonds and pledge orders.

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

7. The costs of issuance of port authority revenue bonds and pledge orders.

8. The cost of diverting a rail line, rail spur track, or rail spur track switch, including the cost of land or easements, and relocation of a facility of a utility company or common carrier.

9. The cost of relocating an airport's runways, terminals, and related facilities including the cost of land or easements, and relocation of a facility of a utility company or common carrier.

"Department" means the Iowa department of economic development.

"Facility" or "port authority facility" means real or personal property owned, leased, or otherwise controlled or financed by a port authority and related to or in furtherance of one or more authorized purposes.

"Governmental agency" means a department, division, or other unit of state government of this state or any other state, city, county, township, or other governmental subdivision, or any other public corporation or agency created under the laws of this state, any other state, the United States, or any department or agency thereof, or any agency, commission, or authority established pursuant to an interstate compact or agreement or combination thereof.

"Person" means the same as defined in Iowa Code section 4.1.

"Pledge order" means a promise to pay out of the net revenues of a port authority, which is delivered to a contractor or other person in payment of all or part of the cost of a facility.

"Political subdivision" means a city, county, city-county consolidation, or multicounty consolidation, or combination thereof.

"Political subdivisions comprising the port authority" means the political subdivisions which created or participated in the creation of the port authority under Iowa Code Supplement section 28J.2, or which joined an existing port authority under Iowa Code Supplement section 28J.4.

"Port authority" means an entity created pursuant to Iowa Code Supplement section 28J.2.

"Port authority revenue bonds" means revenue bonds and revenue refunding bonds issued pursuant to Iowa Code Supplement section 28J.21.

"Public roads" means all public highways, roads, and streets in this state, whether maintained by the state or by a county or city.

"Revenues" means rental fees and other charges received by a port authority for the use or services of a facility; a gift or grant received with respect to a facility; moneys received with respect to the lease, sublease, sale, including installment sale or conditional sale, or other disposition of a facility; moneys received in repayment of and for interest on any loans made by the port authority to a person or governmental agency; proceeds of port authority revenue bonds for payment of principal, premium, or interest on the bonds authorized by the port authority; proceeds from any insurance, condemnation, or guarantee pertaining to the financing of the facility; and income and profit from the investment of the proceeds of port authority revenue bonds or of any revenues.

#### **261—70.3(81GA,HF2782) Program procedures.**

**70.3(1)** Iowa port authority grants shall not exceed \$80,000 per port authority unless the port authority demonstrates a multiple port authority or regional approach to other government agencies, private individuals or companies beyond the geographic boundaries of the political subdivisions comprising the port authority.

**70.3(2)** Iowa port authority grants may be awarded on an annual basis with not more than two grants awarded to a single port authority in a single fiscal year.

**70.3(3)** Not more than 10 percent of any moneys received by a port authority shall be used by the port authority for administrative purposes.

#### **261—70.4(81GA,HF2782) Eligibility.**

**70.4(1)** Eligible applicants. Only Iowa port authorities are eligible to apply to the department for funding under this program. Iowa port authority grant funds may be awarded to qualified port authorities that do all of the following:

a. Provide the department with all information required by the department.

b. Demonstrate a dollar-for-dollar funding match. Assistance is limited to 50 percent or less of the total project costs.

c. Provide a plan to the department demonstrating the method for distributing grant moneys received from the department in accordance with Iowa Code Supplement chapter 28J.

**70.4(2)** Eligible projects. Projects eligible for Iowa port authority grant funding include, but are not limited to, the following:

a. Start-up or early-stage growth activities to be used to leverage conventional financing from commercial lenders or private investors. Assistance will generally be made in stages with amounts to be determined by port authority development, growth, and defined milestones. Port authority grant moneys may not be used to cover payroll or payroll expenses for a port authority.

b. Feasibility, environmental, or engineering studies to be utilized by the port authority for costs relating to the development, expansion, or redevelopment of new, existing, or potential port authority facilities. Assistance will generally be made in stages with amounts to be determined by the progress of the study and completion of study objectives.

**261—70.5(81GA,HF2782) Application and review criteria.** Subject to the availability of funds, applications will be due to the department no later than the close of business on October 1, or the first following business day if that day falls on a nonbusiness day. In ranking applications for grants, the department shall consider a variety of factors including, but not limited to, the following:

1. The demonstration of need for financial assistance.
2. The proportion of the funding match being provided.
3. Previous Iowa port authority grant performance.
4. Identification and achievability of program objectives, with measurable milestones to evaluate the effectiveness of financial assistance.

#### **261—70.6(81GA,HF2782) Monitoring, reporting and follow-up.**

**70.6(1)** Monitoring. The department reserves the right to monitor port authority records to ensure compliance with the terms of the award. Department staff will contact the port authority to arrange such visits at a mutually agreeable time.

**70.6(2)** Reporting. Port authorities shall submit to the department reports in the form and on a schedule as required by the department. The department retains the right to request information on a more frequent basis at any time during the period of the project as a condition of the use of department moneys.

**70.6(3)** Misuse of funds. Any person receiving funds under the Iowa port authority grant program is subject to criminal penalties under Iowa Code section 15A.3 if it is deter-

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mined that the person knowingly made a false statement to procure financial assistance from the state.

These rules are intended to implement 2006 Iowa Acts, House File 2782, section 1(4).

[Filed Emergency 7/19/06, effective 7/19/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

## ARC 5307B

### ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

#### Adopted and Filed Emergency

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development hereby adopts Chapter 71, "Targeted Jobs Withholding Tax Credit Program," Iowa Administrative Code.

The new chapter implements 2006 Iowa Acts, House File 2731. The legislation authorizes the establishment of a Targeted Jobs Withholding Tax Credit Program. The rules describe eligibility requirements, the application and review process, and contract administration procedures.

The Iowa Economic Development Board adopted these rules on July 19, 2006.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are impracticable and contrary to the public interest. 2006 Iowa Acts, House File 2731, section 1(2), states that applications filed on or after October 1, 2006, will not be considered. Therefore, it is necessary to have rules in effect as soon as possible after the effective date of the legislation to permit the Department to begin accepting applications.

The Department also finds, pursuant to Iowa Code section 17A.5(2)"b"(2), that the normal effective date of the rules should be waived and the rules should be made effective upon filing with the Administrative Rules Coordinator on July 19, 2006. Having administrative rules in effect on this date will allow applicants to submit applications before the October 1, 2006, statutory deadline and permit the Department to act on those applications.

These rules are also published herein under Notice of Intended Action as **ARC 5306B** to allow for public comment.

These rules became effective on July 19, 2006.

These rules are intended to implement 2006 Iowa Acts, House File 2731.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is adopted.

Adopt the following **new** chapter:

#### CHAPTER 71

#### TARGETED JOBS WITHHOLDING TAX CREDIT PROGRAM

#### 261—71.1(81GA,HF2731) Definitions.

"Act" means 2006 Iowa Acts, House File 2731.

"Board" means the Iowa economic development board created in Iowa Code section 15.103.

"Business" means any professional services or industrial enterprise, including medical treatment facilities, manufacturing facilities, corporate headquarters, and research facilities. "Business" does not include a retail operation or a business which closes or substantially reduces its operation in one area of this state and relocates substantially the same operation to another area of this state.

"Countywide average wage" means the average that the department calculates using the most current four quarters of wage and employment information as provided in the quarterly covered wage and employment data report as provided by the department of workforce development. Agricultural/mining and governmental employment categories are deleted in compiling the wage information.

"Department" means the Iowa department of economic development.

"Employee" means the individual employed in a targeted job that is subject to a withholding agreement.

"Employer" means a business creating targeted jobs in an urban renewal area of a pilot project city pursuant to a withholding agreement.

"Pilot project city" means a city that has applied and been approved as a pilot project city pursuant to rule 71.2(81GA, HF2731).

"Qualifying investment" means a capital investment in real property including the purchase price of land and existing buildings, site preparation, building construction, and long-term lease costs. "Qualifying investment" also means a capital investment in depreciable assets.

"Targeted job" means a job in a business which is or will be located in an urban renewal area of a pilot project city that pays a wage at least equal to the countywide average wage. "Targeted job" includes new jobs from Iowa business expansions or retentions within the city limits of the pilot project city and those jobs resulting from established out-of-state businesses, as defined by the department, that are moving to or expanding in Iowa.

"Urban renewal area" means the same as defined in Iowa Code section 403.17.

"Withholding agreement" means an agreement authorized in rule 71.4(81GA,HF2731) between a pilot project city and an employer concerning the targeted jobs withholding tax credit.

**261—71.2(81GA,HF2731) Eligibility requirements.** An eligible city may apply to the department to be designated as a pilot project city. An eligible city is a city that contains three or more census tracts and is located in a county meeting one of the following requirements:

1. A county that borders Nebraska.
2. A county that borders South Dakota.
3. A county that borders a state other than Nebraska or South Dakota.

#### 261—71.3(81GA,HF2731) Application process and review.

**71.3(1) Application.** The department shall develop a standardized application and make the application available to eligible cities. The application procedures are as follows:

a. An eligible city seeking approval as a pilot project city will submit an application to the department. The department shall determine if the application is complete.

b. The department will review the application and consider the following criteria:

## ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261](cont'd)

(1) Need for pilot project status. The city shall demonstrate why status as a pilot project city is necessary, including how the city will utilize the program to attract and retain employers.

(2) Planned and current projects. The city shall provide information on planned and current economic development projects that are taking place or will take place in an urban renewal area. The city shall demonstrate its ability to enter into a withholding agreement with an eligible business within one year of the city's approval as a pilot project city.

(3) Use of withholding funds. If approved as a pilot project city, the city shall indicate how the city plans to utilize withholding funds generated from the program. The city shall provide an estimate of the number of withholding agreements the city anticipates executing, the amount of withholding funds the city expects to generate as a result of the program, and the investment to be leveraged by use of the program.

(4) Urban renewal areas. The city shall identify the number of urban renewal areas in the city and the location of the urban renewal areas where withholding funds may be utilized.

(5) Matching funds. The city shall identify its ability to provide matching funds for projects involving withholding credits, including the potential sources of matching funds.

c. A resolution of support from the city applying for approval as a pilot project city is required as part of the application. This resolution shall include approval of the submission of the application to the department for status as a pilot project city.

d. The department may request additional information from a city that is applying for pilot project city status or may use other resources to obtain the needed information.

e. Applications filed on or after October 1, 2006, shall not be considered.

**71.3(2)** Approval of applications. The department shall approve four eligible pilot project cities: one pursuant to 71.2"1," one pursuant 71.2"2," and two pursuant to 71.2"3." If more than two cities meeting the requirements of 71.2"3" apply to be designated as a pilot project city, the department of management, in consultation with the department, shall determine which two cities hold the most potential to create new jobs or generate the greatest capital in their areas. Department staff will prepare a recommendation for each of the cities to be approved as pilot project cities. The board will make the final decision to approve, defer or deny applications. Once applications are approved by the board, all communities applying for pilot project city status will be notified of the status of their applications.

**71.3(3)** Status as a pilot project city. If a pilot project city does not enter into a withholding agreement within one year of its approval as a pilot project city, the city shall lose its status as a pilot project city. Upon such occurrence, the department shall take applications from other eligible cities to replace that city. Another city shall be designated within six months.

## **261—71.4(81GA,HF2731) Withholding agreements.**

**71.4(1)** Designated account. An approved pilot project city may provide by city ordinance for a designated account for the deposit of funds generated through withholding agreements under the targeted jobs withholding tax credit program.

**71.4(2)** Entering into an agreement. A pilot project city may enter into a withholding agreement with a business locating to the community from another state that is creating targeted jobs in an urban renewal area. The pilot project city

may enter into a withholding agreement with a business currently located in Iowa only if the business is creating at least ten new jobs or making a qualifying investment of at least \$500,000 within the urban renewal area. A business shall not be obligated to enter into a withholding agreement with a pilot project city. A pilot project city shall not enter into a withholding agreement with a business after June 30, 2010.

**71.4(3)** Required components of a withholding agreement. A withholding agreement shall be disclosed to the public and shall contain all of the following:

a. A copy of the adopted development agreement between the pilot project city and employer, including how withholding funds generated by the city will be used.

b. A list of all other incentives or financial assistance the business has requested or is receiving from other federal, state, or local economic development programs including loans, grants, forgivable loans, and tax credits.

c. The amount of assistance provided by the pilot project city for the project.

d. Documentation of the approval of the project by local participating authorities.

**71.4(4)** Length of withholding agreements. A withholding agreement may have a term of up to ten years.

### **71.4(5) Withholding generated through the program.**

a. Once a pilot project city and an employer have entered into a withholding agreement, an amount equal to 3 percent of the gross wages paid by the business to each employee under a withholding agreement shall be credited from the payment made by the employer pursuant to Iowa Code Supplement section 422.16. If the amount of withholding by the employer is less than 3 percent of the gross wages paid to the employees covered by the withholding agreement, the employer shall receive a credit against other withholding taxes due by the employer or may carry the credit forward for up to ten years or until depleted, whichever occurs first.

b. The employer shall submit the amount of the credit quarterly, in the same manner as withholding payments are made to the department of revenue, to the pilot project city.

c. An employee whose wages are subject to a withholding agreement shall receive full credit for the amount withheld under the targeted jobs withholding tax credit program as provided in Iowa Code Supplement section 422.16.

**71.4(6)** Use of withholding funds. A pilot project city shall allocate the withholding funds into a designated account in the special fund for the urban renewal area in which the targeted jobs are located. All funds deposited shall be used or pledged by the pilot project city for an urban renewal project related to the employer pursuant to the withholding agreement.

**71.4(7)** Local match requirement. A pilot project city entering into a withholding agreement shall arrange for a match of at least one dollar for each withholding dollar received by the city. The local match may come from the pilot project city, a private donor, or the employer or a combination of the three. Local matches may be in the form of cash or in-kind contributions to be used for the project.

**71.4(8)** Termination of a withholding agreement. Following the termination of a withholding agreement, the employer credits shall cease and any funds received by the pilot project city after the agreement has been terminated shall be remitted to the state treasurer to be deposited in the general fund of the state. The pilot project city shall notify the department of revenue and the department of economic development within 30 days of the termination of the withholding agreement. If the employer does not meet the requirements of the withholding agreement, the agreement shall be termi-

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nated and any withholding credits for the employer shall cease. If the employer has created the required number of new jobs under the agreement, and the number of jobs falls below the required level, the employer shall not be considered in default until 18 months after the date of the decrease in new jobs.

**71.4(9)** Participation in other programs. An employer may participate in the Iowa industrial new jobs training program under Iowa Code Supplement section 260E.5 or may claim a supplemental withholding credit under Iowa Code Supplement section 15E.197, at the same time the employer is participating in the targeted jobs withholding tax credit program. The withholding credit under section 260E.5 and the supplemental withholding credit under section 15E.197 shall be collected and disbursed prior to the collection and disbursement of the withholding credit under the targeted jobs withholding tax credit program.

**261—71.5(81GA,HF2731) Project approval.****71.5(1)** Application for project approval.

a. Prior to entering into a withholding agreement with an employer, a pilot project city must receive approval from the department. The department shall develop a standardized application for project approval and shall make the application available to eligible pilot project cities. The application for project approval shall include, but not be limited to, the following information regarding a project:

(1) A general description of the project, including how the pilot project city will utilize withholding funds generated by the project.

(2) Information regarding the number of targeted jobs in the project, the wages of the targeted jobs, and the types of jobs created by the project.

(3) A budget for the project, showing the total project cost, the amount of local matching funds committed to the project, and the amount of withholding funds the city will receive from the project.

(4) A copy of the withholding agreement to be entered into between the city and the employer.

(5) A letter or resolution of support from the local government showing support for the project.

b. Applications for project approval for the targeted jobs withholding tax credit program may be submitted at any time. The department will review applications for projects in as timely a manner as possible. A pilot project city will be notified in writing of the department's decision regarding the project.

**71.5(2)** Certification to the department of revenue.

a. The employer shall certify to the department of revenue that the targeted jobs withholding tax credit is in accordance with the withholding agreement and shall provide other information the department of revenue may require.

b. A pilot project city shall certify to the department of revenue the amount of the targeted jobs withholding tax credit an employer has remitted to the city and shall provide other information the department of revenue may require.

c. Notice of any withholding agreement shall be provided promptly to the department of revenue following its execution between a pilot project city and an employer.

**261—71.6(81GA,HF2731) Reporting requirements.****71.6(1)** Required reports.

a. At the time the pilot project city submits its budget to the department of management, the pilot project city shall submit to the department of management and the department a description of the activities involving the use of withhold-

ing agreements. The description shall include, but not be limited to, the following:

(1) The total number of targeted jobs associated with withholding agreements and the wages of those targeted jobs.

(2) A breakdown of the number of targeted jobs that are associated with Iowa business expansions or retentions within the city limits of the pilot project city and the number of targeted jobs resulting from out-of-state businesses moving to or expanding in Iowa.

(3) The number of withholding agreements and the amount of withholding credits associated with those agreements.

(4) The types of businesses that entered into withholding agreements with the city and the types of businesses that declined the city's proposal to enter into a withholding agreement with the city.

b. The department may request additional reports from pilot project cities as necessary to determine the status of the targeted jobs withholding tax credit program.

**71.6(2)** Annual report. The department shall prepare an annual report for the governor, the general assembly, and the legislative services agency on the targeted jobs withholding tax credit program. This report shall be due on July 31 of each year. The report shall include but not be limited to the following:

a. The amount of withholding funds each project received.

b. The number of new jobs resulting from the program.

c. The average wage of jobs resulting from the program.

d. An evaluation of the investment made by the state, including but not limited to the terms in paragraphs "a" to "c" of this subrule.

These rules are intended to implement 2006 Iowa Acts, House File 2731.

[Filed Emergency 7/19/06, effective 7/19/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5324B****ENVIRONMENTAL PROTECTION  
COMMISSION[567]****Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code sections 455B.173 and 455B.105(11), the Environmental Protection Commission hereby amends Chapter 64, "Wastewater Construction and Operation Permits," Iowa Administrative Code.

An amendment adding and implementing a fee structure for wastewater permits was adopted and filed and published in the July 19, 2006, Iowa Administrative Bulletin as **ARC 5244B**. The language adopted by the Commission on June 19, 2006, was not correctly carried out in the actual text of paragraph 64.16(3)"b" as published in the Iowa Administrative Bulletin. The Commission approved paragraph 64.16(3)"b" without subparagraph (6), which required an annual fee of \$250 per year for confinement animal feeding operations required to hold a non-storm water NPDES permit. However, subparagraph (6) was inadvertently included in **ARC 5244B** and must now be removed to conform with the text of the paragraph as adopted by the Commission on June 19, 2006.



## ENVIRONMENTAL PROTECTION COMMISSION[567](cont'd)

Pursuant to Iowa Code section 17A.4(2), the Commission finds that notice and public participation are contrary to the public interest because the amendment is required to correct an oversight.

The Commission also finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of this amendment should be waived and this amendment should be made effective on August 23, 2006, the same date as that for the amendment published as **ARC 5244B**, as the amendment confers a benefit on the public by correcting the erroneous language in the previously filed rule making.

This amendment is intended to implement Iowa Code sections 455B.173 and 455B.105(11) and 2006 Iowa Acts, House File 2540, section 25.

This amendment will become effective August 23, 2006.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is adopted.

Amend paragraph **64.16(3)“b”** by rescinding subparagraph (6) and renumbering subparagraph (7) as (6) as follows:

(6)—~~For a confinement animal feeding operation required to hold a non-storm water NPDES permit, an annual fee of \$250 per year is due by August 30 of each year.~~

(7 6) For a new facility, an annual fee as established in 2006 Iowa Acts, House File 2540, section 25, is due 30 days after the new permit is issued.

[Filed Emergency 7/28/06, effective 8/23/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5326B****LABOR SERVICES DIVISION[875]****Adopted and Filed Emergency**

Pursuant to the authority of Iowa Code section 88.5, the Labor Commissioner hereby amends Chapter 10, “General Industry Safety and Health Rules,” and Chapter 26, “Construction Safety and Health Rules,” Iowa Administrative Code.

These amendments adopt by reference changes to the U.S. Department of Labor's occupational safety and health standards relating to hexavalent chromium. On February 28, 2006, the U.S. Department of Labor published a revised standard for occupational exposure to hexavalent chromium. On May 10, 2006, the Labor Commissioner's Notice of Intended Action to adopt the new hexavalent chromium standard by reference was published in the Iowa Administrative Bulletin as **ARC 5084B**. The Labor Commissioner adopted the revised standard effective August 9, 2006, and the adoption was published in the Iowa Administrative Bulletin as **ARC 5191B** on July 5, 2006.

On June 23, 2006, the U.S. Department of Labor published correcting amendments with a June 23, 2006, effective date. The amendments caused Tables Z-1 and Z-2 in 29 CFR Section 1910.1000 to conform to the new standard. The amendments also caused Appendix A to 29 CFR Section

1926.55 to conform to the new standard. The Iowa Labor Commissioner is required to adopt these same conforming amendments by August 28, 2006.

Pursuant to Iowa Code section 17A.4(2), the Labor Commissioner finds that notice and public participation are impracticable as the U.S. Department of Labor requires that these correcting amendments become effective on August 28, 2006.

Pursuant to Iowa Code section 17A.5(2)“b”(2), the Labor Commissioner finds that an effective date of August 28, 2006, is appropriate because the rule confers a benefit on the public by correcting potentially conflicting language. Without the conforming amendments, there would be two standards in effect for exposure to the same substances.

The purposes of these amendments are to implement legislative intent and protect worker health.

These amendments are intended to implement Iowa Code chapter 88.

These amendments will become effective August 28, 2006.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendments are adopted.

ITEM 1. Amend rule **875—10.20(88)** by inserting the following at the end thereof:

71 Fed. Reg. 36008 (June 23, 2006)

ITEM 2. Amend rule **875—26.1(88)** by inserting the following at the end thereof:

71 Fed. Reg. 36008 (June 23, 2006)

[Filed Emergency 7/28/06, effective 8/28/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5299B****PUBLIC HEALTH  
DEPARTMENT[641]****Adopted and Filed Emergency After Notice**

Pursuant to the authority of Iowa Code sections 135.11 and 136A.8, the Department of Public Health hereby amends Chapter 4, “Center for Congenital and Inherited Disorders,” Iowa Administrative Code.

These amendments provide an increase in the newborn metabolic screening fee, provide a statement about the Center for Congenital and Inherited Disorders' relationship with the state Title V Maternal Child Health program, and make technical changes to provide consistency in reporting requirements for the programs.

Item 1 adds a statement indicating the center's relationship with the state Title V Maternal Child Health program.

Item 2 adds the pulmonology division to the list of divisions in the definition of “follow-up program.”

Item 3 modifies the listing of tests in the screening panel.

Item 4 modifies the text to indicate who should receive the waiver forms.

## PUBLIC HEALTH DEPARTMENT[641](cont'd)

Item 5 adds a statement to explain the screening process for infants transferred out of state.

Item 6 indicates the proper sequence for providing notification of presumptive positive test results.

Items 7, 8, and 12 modify the due dates and content of the program reports and make technical amendments.

Item 9 deletes the reference to Early ACCESS, modifies the listing of agencies that may request information on newborn test results, includes a statement regarding confidentiality regulations, and modifies text to indicate who is responsible for obtaining parental consent for research purposes.

Item 10 modifies text to indicate who is responsible for obtaining parental consent for release of identifiable specimens or records.

Item 11 updates the process for determination of the testing fee for the Iowa Neonatal Metabolic Screening program and increases the fee.

Item 13 rescinds paragraph “g,” which is a duplication of paragraph “f” of subrule 4.4(4).

Item 14 updates the process for determination of the testing fee for the Maternal Serum Alpha-Fetoprotein/Quad Screen program.

Notice of Intended Action was published in the Iowa Administrative Bulletin on June 21, 2006, as **ARC 5178B**. No public comment was received on these amendments. These amendments are identical to the amendments published under Notice of Intended Action.

The State Board of Health adopted these amendments on July 27, 2006.

The Department finds, pursuant to Iowa Code section 17A.5(2)“b”(2), that the normal effective date of these amendments should be waived and these amendments should be made effective upon filing with the Administrative Rules Coordinator on July 27, 2006, as addition of cystic fibrosis screening confers a benefit on a segment of the public by providing for identification of cystic fibrosis before symptoms occur, and therefore the early provision of treatments and therapies to prevent or reduce symptoms of cystic fibrosis.

These amendments became effective on July 27, 2006.

These amendments are intended to implement Iowa Code chapter 136A.

The following amendments are adopted.

ITEM 1. Amend rule 641—4.1(80GA,HF2362) as follows:

**641—4.1(80GA,HF2362) Program explanation.** The center for congenital and inherited disorders within the department of public health provides administrative oversight to the following: Iowa neonatal metabolic screening program, expanded maternal serum alpha-fetoprotein screening program, regional genetic consultation service, neuromuscular and related genetic disease program and Iowa registry for congenital and inherited disorders. The center for congenital and inherited disorders advisory committee represents the interests of the people of Iowa and assists in the development of programs that ensure the availability of and access to quality genetic health care services by all residents. The committee advises the director of the department of public health regarding issues related to genetics and hereditary and congenital disorders and makes recommendations about the design and implementation of the center’s programs. Committee membership is made up of representatives of professional groups, agencies, legislators, consumers and individuals with an interest in promoting genetic services for the residents of Iowa. *The center for congenital and inherited disorders has an association with the state Title V maternal child health program*

*to promote comprehensive services for women, infants and children.*

ITEM 2. Amend rule **641—4.2(80GA,HF2362)**, definition of “follow-up program,” as follows:

“Follow-up program” means the designated individuals from the divisions of endocrinology, hematology, *pulmonology* and medical genetics of the department of pediatrics of the University of Iowa.

ITEM 3. Amend subrule **4.3(1)**, paragraph “a,” as follows:

a. All newborns and infants born in the state of Iowa shall be screened for ~~medium chain acyl Co-A dehydrogenase deficiency, phenylketonuria, and other amino acid, organic acid, and fatty oxidation disorders detectable by tandem mass spectrometry; hypothyroidism; galactosemia; hemoglobinopathies; congenital adrenal hyperplasia; and biotinidase deficiency.~~ *all congenital and inherited disorders specified by the center and approved by the state board of health.*

ITEM 4. Amend subrule **4.3(2)**, paragraph “b,” as follows:

b. Waiver. Should a parent or guardian refuse the screening, said refusal shall be documented in writing on the Iowa neonatal metabolic screening program waiver for newborn screening refusal form. The parent or guardian and licensed attending health care provider shall sign the waiver. The birthing hospital, birth center, or attending health care provider shall provide the ~~Iowa neonatal metabolic screening program~~ *central laboratory* with a copy of the waiver within six days of the refusal. The original copy of the waiver shall become a part of the infant’s medical record.

ITEM 5. Amend subrule **4.3(2)**, paragraph “c,” by adding **new** subparagraph (4) as follows:

(4) The blood spot sample of an infant transferred after birth to an out-of-state hospital shall be collected and sent to the central laboratory by the receiving hospital prior to the infant’s discharge.

ITEM 6. Amend subrule **4.3(2)**, paragraph “f,” as follows:

f. Reporting of presumptive positive test results. A presumptive positive test result shall be reported within 24 hours to the consulting physician, or the physician’s designee, who shall then notify the attending health care provider and the birthing hospital, birth center, or drawing laboratory. This initial report shall be followed by a written report to the ~~attending health care provider and the birthing hospital, birth center, or drawing laboratory and, subsequently, to the attending health care provider.~~

ITEM 7. Amend subrule **4.3(5)**, paragraphs “h” and “i,” as follows:

h. ~~Submit a proposed budget and narrative for the upcoming fiscal year on or before March 31 of each year. Central laboratory shall submit a written annual report to the center by July 15 of each year. Submit a written annual report of the previous calendar year to the center by March 31 of each year.~~ This report shall include:

- (1) Number of infants screened,
- (2) Number of repeat screens,
- (3) Number of presumptive positive results by disorder,
- (4) Number of rejected specimens,
- (5) Number of waivers,
- (6) Results of quality assurance testing including any updates to the INMSP quality assurance policies, *and*

## PUBLIC HEALTH DEPARTMENT[641](cont'd)

(7) Screening and educational activity details, and.

~~(8) A fiscal expenditures report.~~

i. *In collaboration with the program consulting physicians, submit a proposed budget and narrative justification for the upcoming state fiscal year by March 31 of each year.*

j. Act as fiscal agent for program expenditures encompassing the analytical, technical, administrative, educational, and follow-up costs for the screening program.

k. *Submit a fiscal expenditures report to the center within 90 days after the end of the state fiscal year.*

ITEM 8. Amend subrule 4.3(6) as follows:

**4.3(6)** Follow-up program responsibility. Under the direction of consulting physicians, metabolic, endocrine, pulmonary and hemoglobinopathy follow-up programs shall be available for all individuals identified by the metabolic screening as affected.

a. The follow-up activities shall include consultation, treatment when indicated, case management, education and quality assurance.

b. The follow-up programs shall ~~submit an INMSP proposed budget and narrative for the next fiscal year by March 31 of each year. Follow-up programs shall submit metabolic screening data to the center by July 15 of each year. submit a written annual report of the previous calendar year by March 31 of each year. The information report shall include:~~

(1) The number of presumptive positive results and confirmed positive results by disorder,

(2) Each individual's age at confirmation of disorder,

(3) Each individual's age when treatment began,

(4) Type of treatment for each disorder, and

(5) A written summary of educational and follow-up activities, and.

~~(6) A fiscal expenditure report for the fiscal year.~~

c. *In collaboration with the central laboratory, the follow-up programs shall submit a proposed budget and narrative justification for the upcoming fiscal year to the center by March 31 of each year.*

d. *The follow-up programs shall submit a fiscal expenditures report to the center within 90 days of the end of the state fiscal year.*

e. The consulting physician will oversee the respective follow-up programs.

ITEM 9. Amend subrule 4.3(7), paragraph "b," as follows:

Rescind subparagraphs (3) and (5) and renumber subparagraphs (4) and (6) as (3) and (4), respectively.

Amend renumbered subparagraphs (3) and (4) as follows:

(3) A representative of a state or federal agency, to the extent that the information is necessary to perform a legally authorized function of that agency or the department. ~~The information provided shall not include the personal identifiers of an infant or child. The state or federal agency will be subject to confidentiality regulations which are the same as or more stringent than those in the state of Iowa.~~

(4) A researcher, upon documentation of parental consent obtained by the researcher, and only to the extent that the in-

formation is necessary to perform research authorized by the department and the state board of health.

ITEM 10. Amend subrule 4.3(8), paragraph "b," subparagraph (3), as follows:

(3) Personally identifiable residual specimens or records shall not be disclosed without documentation of informed parental consent *obtained by the researcher.*

ITEM 11. Amend subrule 4.3(9) as follows:

Rescind paragraph "a" and reletter paragraphs "b" to "d" as "a" to "c."

Amend relettered paragraph "a" as follows:

a. The department shall annually review and determine the fee to be charged for all activities associated with the INMSP. The review and fee determination shall be completed at least one month prior to the beginning of the fiscal year. The neonatal metabolic screening fee is \$77 \$97.

ITEM 12. Amend subrule 4.4(3) as follows:

**4.4(3)** Consulting physician responsibility. A consulting physician shall be designated by the center in collaboration with the central laboratory to provide interpretation of test results and consultation to the submitting health care provider. This physician shall provide consultation for abnormal test results, assist with questions about management of identified cases, provide education and assist with quality assurance measures. The screening program with assistance from the consulting physician shall ~~submit to the center annual reports detailing program activities. :~~

a. *In collaboration with the central laboratory, submit a proposed budget and narrative justification for the upcoming calendar year to the center by March 31 of each year, and*

b. *Submit a written annual report of the previous fiscal year to the center by March 31 of each year. The report shall include:*

(1) *Number of women screened,*

(2) *Number of repeat screens,*

(3) *Number of abnormal results by disorder,*

(4) *Number of rejected specimens,*

(5) *Results of quality assurance testing, and*

(6) *Screening and educational activity details.*

ITEM 13. Amend subrule 4.4(4) by rescinding paragraph "g."

ITEM 14. Rescind subrule 4.4(5) and adopt the following new subrule in lieu thereof:

**4.4(5)** Iowa expanded MSAFP/Quad Screen fee determination. The department shall annually review and determine the fee to be charged for all activities associated with the MSAFP/Quad Screen. The review and determination of the fee shall be completed at least one month prior to the beginning of the fiscal year.

[Filed Emergency After Notice 7/27/06, effective 7/27/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5317B****ADMINISTRATIVE SERVICES  
DEPARTMENT[11]****Adopted and Filed Without Notice**

Pursuant to the authority of Iowa Code section 8A.104 and chapter 68B, the Department of Administrative Services hereby amends Chapter 11, "Department Organization," Iowa Administrative Code.

The purpose of the amendment is to rescind rule 11—1.7(68B) regarding the selling of goods or services by a regulatory agency. This amendment is in compliance with Iowa Code Supplement section 68B.4, in which authority and responsibility have been transferred to the Iowa Ethics and Campaign Disclosure Board.

In compliance with Iowa Code section 17A.4(2), the Department finds that notice and public participation are unnecessary because authority has been transferred to the Iowa Ethics and Campaign Disclosure Board, and that agency has adopted rule 351—6.11(68B), sales by regulatory agency officials and employees.

This amendment is intended to implement Iowa Code Supplement section 68B.4 as amended by 2006 Iowa Acts, House File 2593.

This amendment will become effective September 20, 2006.

A fiscal impact summary prepared by the Legislative Services Agency pursuant to Iowa Code § 17A.4(3) will be available at <http://www.legis.state.ia.us/IAC.html> or at (515) 281-5279 prior to the Administrative Rules Review Committee's review of this rule making.

The following amendment is adopted.

Rescind and reserve rule **11—1.7(68B)**.

[Filed Without Notice 7/28/06, effective 9/20/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5318B****EDUCATION DEPARTMENT[281]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 256.7(5), the State Board of Education adopts new Chapter 24, "Community College Accreditation," Iowa Administrative Code.

Accreditation rules that are presently set forth in 281—Chapter 21 have been in place for more than ten years. In that time, continuous quality improvement (CQI) has become the key principle in evaluating academic programming and other aspects of community college operations. These rules facilitate evaluation of the colleges' institutional effectiveness in a framework of CQI standards and benchmarks. New Chapter 24 creates a discrete set of regulations for accreditation, much as 281—Chapter 12 does for the K-12 accreditation process. The new chapter also aligns the state accreditation process more closely with the required regional accreditation process conducted by the Higher Learning Commission of the North Central Association of Colleges and Schools.

An agencywide waiver provision is provided in 281—Chapter 4.

Notice of Intended Action was published in the June 7, 2006, Iowa Administrative Bulletin as **ARC 5135B**. A public hearing was held on June 29, 2006, and public comments were allowed until 4:30 p.m. on June 29, 2006. No written or oral comments were received. These rules are identical to those published under Notice.

These rules are intended to implement Iowa Code chapter 260C.

These rules shall become effective September 20, 2006.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these rules [Ch 24] is being omitted. These rules are identical to those published under Notice as **ARC 5135B**, IAB 6/7/06.

[Filed 7/27/06, effective 9/20/06]

[Published 8/16/06]

[For replacement pages for IAC, see IAC Supplement 8/16/06.]

**ARC 5319B****EDUCATION DEPARTMENT[281]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 256.7(5), the State Board of Education amends Chapter 43, "Pupil Transportation," Iowa Administrative Code.

The amendments eliminate the requirement of tuberculosis testing for bus drivers; clarify rules on the seating provided in school buses; add a posttrip inspection requirement; add a two-way communication requirement; and add more options for sanctions against drivers who violate rules of conduct.

An agencywide waiver provision is provided in 281—Chapter 4.

Notice of Intended Action was published in the April 26, 2006, Iowa Administrative Bulletin as **ARC 5054B**. A public hearing was held on May 19, 2006, and public comments were allowed until 4:30 p.m. on May 19, 2006. No written or oral comments were received.

Since the Notice of Intended Action was published, an amendment to rule 281—43.24(285) has been added to conform to Iowa Code section 321.376(1) as amended by 2006 Iowa Acts, Senate File 2272, section 51, which allows that the Department of Education may temporarily suspend a driver's authorization or may issue a reprimand or warning to the driver. Prior to the passage of 2006 Iowa Acts, Senate File 2272, if a driver was found to have violated a rule of conduct, the Department could only revoke or not revoke the driver's authorization.

These amendments are intended to implement Iowa Code chapters 285 and 321.

These amendments shall become effective September 20, 2006.

The following amendments are adopted.

ITEM 1. Amend subrule **43.10(5)** by rescinding paragraph "c" and relettering paragraphs "d" to "f" as "c" to "e."

## EDUCATION DEPARTMENT[281](cont'd)

ITEM 2. Adopt **new** subrule 43.10(6) as follows:

**43.10(6) Seating.**

- a. Each passenger shall have a comfortable seat.
- b. Student passengers shall have a minimum of 13 inches of allowable seating per person.
- c. For adult groups, no more than two persons shall occupy a 39-inch seat.
- d. Stantees are prohibited in all situations, whether the bus is transporting students or adults.
- e. The maximum number of passengers shall never exceed the rated capacity of the vehicle as it is equipped.

ITEM 3. Amend rule 281—43.15(285) as follows:

**281—43.15(285) Physical fitness.** Except for insulin-dependent diabetics, an applicant for a school bus driver's authorization must undergo a biennial physical examination by a licensed physician or surgeon, osteopathic physician or surgeon, osteopath, qualified doctor of chiropractic, licensed physician assistant, or advanced registered nurse practitioner. The applicant must submit annually to the applicant's employer the signed medical examiner's certificate (pursuant to Federal Motor Carrier Safety Administration regulations 49 CFR Sections 391.41 to 391.49), indicating, among other requirements, sufficient physical capacity to operate the bus effectively and to render assistance to the passengers in case of illness or injury, and freedom from any communicable disease, ~~such as tuberculosis~~. At the discretion of the chief administrator or designee of the employer or prospective employer, the chief administrator or designee shall evaluate the applicant's ability in operating a school bus, including all safety equipment, in providing assistance to passengers in evacuation of the school bus, and in performing other duties required of a school bus driver.

ITEM 4. Rescind and reserve rule **281—43.16(285)**.

ITEM 5. Amend rule 281—43.24(321) as follows:

**281—43.24(321) Authorization denials and revocations.** A person who believes that a school bus driver who holds an authorization issued by the department of education or who seeks a school bus authorization has committed acts in violation of Iowa Code subsection 321.375(2) or rule 43.12(285) may file a complaint with the department against the driver or applicant. The department shall notify the driver or applicant that a complaint has been filed and shall provide the driver or applicant with a copy of the complaint. A hearing shall be set for the purpose of determining whether the bus driver's authorization shall be denied, *suspended*, or revoked, *or whether the bus driver should receive a reprimand or warning*. Hearing procedures in 281—Chapter 6 shall be applicable to ~~authorization revocation or denial~~ *such* proceedings.

ITEM 6. Amend rule 281—43.41(285) as follows:

**281—43.41(285) Pretrip Trip inspections.** A daily pretrip inspection of each school bus shall be performed and recorded *prior to each trip*. A written report shall be submitted promptly to the superintendent of schools, transportation supervisor, school bus mechanic, or other person charged with the responsibility for the school transportation program, if any defects or deficiencies are discovered that may affect the safety of the vehicle's operation or result in its mechanical breakdown. *A posttrip inspection of the interior of the school bus shall be performed after each trip.*

ITEM 7. Renumber rule **281—43.43(285)** as **281—43.44(285)** and adopt **new** rule 281—43.43(285) as follows:

**281—43.43(285) Communication equipment.** Each school bus shall have a two-way communications system or cellular telephone capable of emergency communication between the driver of the bus and the school's base of operations for school transportation.

[Filed 7/27/06, effective 9/20/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5320B****EDUCATION DEPARTMENT[281]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 256.7(5), the State Board of Education amends Chapter 56, "Vocational Rehabilitation," Iowa Administrative Code.

These amendments align Vocational Rehabilitation Services Division rules with the Department of Public Health, Professional Licensure Division, Board of Interpreter for the Hearing Impaired Examiners rules and regulations regarding sign language interpreters and implement necessary budgetary restrictions on client services.

An agencywide waiver provision is provided in 281—Chapter 4.

Notice of Intended Action was published in the April 26, 2006, Iowa Administrative Bulletin as **ARC 5055B**. No written or oral comments were received. These amendments are identical to those published under Notice.

These amendments are intended to implement Iowa Code chapter 259, the federal Rehabilitation Act of 1973, and the corresponding federal regulations.

These amendments shall become effective September 20, 2006.

The following amendments are adopted.

ITEM 1. Amend subrule **56.16(4)**, paragraph "**a**," as follows:

a. Tuition and fee-based general assistance.

(1) For community colleges, the division shall pay no less than 40 percent and no more than 60 percent of the per-credit-hour fee charged by the community college, with no limit as to the number of credit hours taken by the client.

(2) For all other colleges and universities, public and private, whether in Iowa or outside Iowa, the division shall pay no less than 40 percent and no more than 60 percent of the per-credit-hour fee charged by the college or university, limited to the amount charged by the least expensive Iowa regents institution.

(3) For other training programs that qualify for federal financial aid, the division shall pay no less than 40 percent and no more than 60 percent of the amount charged by the least expensive Iowa regents institution, limited to the full-time rate, prorated as necessary.

(4) For training programs that do not qualify for federal financial aid, the division shall pay ~~75 percent no less than 40 percent and no more than 75 percent~~ of the tuition and fees charged to the client.

(5) ~~For postsecondary institutions for the deaf where interpreter and other special-needs costs are a part of the regular tuition and fees, the division shall pay no less than 40 percent and no more than 60 percent of the amount charged by the least expensive Iowa regents institution, plus one-half of~~

## EDUCATION DEPARTMENT[281](cont'd)

the estimated cost of the interpreter at the Iowa regents institutions.

(6) (5) For continuing education courses, the division shall pay ~~75 percent~~ *no less than 40 percent and no more than 75 percent* of the tuition and fees charged to the client.

~~(7)~~ (6) For on-line courses, the level of support shall be determined on a case-by-case basis.

ITEM 2. Amend subrule **56.23(2)**, first unnumbered paragraph, as follows:

Interpreter services are those special communications services provided by persons qualified by training and experience to facilitate communication between division personnel and persons unable to communicate verbally in English. This includes deaf and hard-of-hearing persons who communicate using signs and finger spelling, as well as lip reading, writing, gestures, pictures, and other methods. Persons not fluent in the English language who could benefit from having any part of the vocational rehabilitation process translated into their major language are included. *The division shall purchase sign language interpreter services, including transliterating services, from appropriately licensed interpreters only.*

[Filed 7/27/06, effective 9/20/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

## ARC 5323B

### INSURANCE DIVISION[191]

#### Adopted and Filed

Pursuant to the authority of Iowa Code chapter 507B and 2006 Iowa Acts, Senate File 2365, the Insurance Division hereby amends Chapter 15, "Unfair Trade Practices," Iowa Administrative Code.

Notice of Intended Action was published in the Iowa Administrative Bulletin on June 21, 2006, as **ARC 5173B**.

The rules in Chapter 15 describe certain minimum standards and guidelines of conduct by identifying unfair methods of competition and unfair or deceptive acts or practices in the business of insurance, as prohibited by Iowa Code chapter 507B. The new rules set forth standards and procedures for recommendations made to consumers that result in transactions involving annuity products so that the insurance needs and financial objectives of consumers at the times of the transactions are appropriately addressed. Iowa insurance companies and producers shall comply with the rules beginning January 1, 2007.

Written comments were received by the Division. In addition, oral comments were heard by the Division at a public hearing held at Division offices on July 11, 2006. As a result of the written and oral comments, the Division withdrew the amendment to subrule 15.8(4) which would have changed the term "not unsuitable" to "suitable"; that language in the subrule remains unchanged. The subrule now reads as follows:

**"15.8(4) Suitability.** A producer shall not recommend to any person the purchase, sale or exchange of any life insurance policy, or any rider, endorsement or amendment thereto, without reasonable grounds to believe that the transaction or recommendation is not unsuitable for the person based upon

reasonable inquiry concerning the person's insurance objectives, financial situation and needs, age and other relevant information known by the producer. For purposes of this subrule, when a producer recommends a group life insurance policy, "person" shall refer to the intended group policyowner."

These amendments are intended to implement Iowa Code chapter 507B.

These amendments will become effective September 20, 2006.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [15.8(4), 15.68 to 15.73] is being omitted. With the exception of the change noted above, these amendments are identical to those published under Notice as **ARC 5173B**, IAB 6/21/06.

[Filed 7/28/06, effective 9/20/06]

[Published 8/16/06]

[For replacement pages for IAC, see IAC Supplement 8/16/06.]

## ARC 5309B

### LABOR SERVICES DIVISION[875]

#### Adopted and Filed

Pursuant to the authority of Iowa Code section 89.14, the Boiler and Pressure Vessel Board hereby adopts new Chapter 80, "Boiler and Pressure Vessel Board Administrative and Regulatory Authority," Chapter 81, "Waivers or Variances from Administrative Rules by the Boiler and Pressure Vessel Board," Chapter 82, "Boiler and Pressure Vessel Board Petitions for Rule Making," Chapter 83, "Declaratory Orders by the Boiler and Pressure Vessel Board," Chapter 84, "Contested Cases Before the Boiler and Pressure Vessel Board," Chapter 85, "Public Records and Fair Information Practices of the Boiler and Pressure Vessel Board," and amends Chapter 200, "General," rescinds Chapter 201, "Inspections and Certificates," and amends Chapter 203, "General Requirements for all Objects," Chapter 204, "New Installations of Power Boilers," Chapter 205, "Existing Installations of Power Boilers," Chapter 206, "Miniature Boilers," Chapter 207, "Installation of Steam Heating Boilers, Hot Water Heating Boilers and Hot Water Supply Boilers," Chapter 208, "Water Heater Supply Boilers," and Chapter 209, "Pressure Vessels," Iowa Administrative Code.

The amendments create Board procedures; update rules by adopting the most recent codes by reference; reorganize and edit the rules to improve readability; renumber Chapter 200 as Chapter 90, Chapter 203 as Chapter 91, Chapters 204 and 205 as Chapter 92, and Chapters 206 to 209 as Chapters 93 to 96, respectively; adopt, amend and rescind definitions; adopt by reference the National Fire Protection Association's Fuel Gas Code, Liquefied Petroleum Code, and Boiler and Combustion System Hazards Code; allow special inspectors to provide their clients with copies of the inspection report up to 30 days after the inspection; amend hydrostatic pressure test requirement; adopt a new requirement for clearances around objects; rescind unnecessary rules; allow the removal of a safety appliance for the purpose of altering the object;

## LABOR SERVICES DIVISION[875](cont'd)

change requirements for pipes, valves, and fittings; and require the use of customary U.S. units of measure.

The purposes of these amendments are to establish board procedures; clarify methods and time frames for compliance with existing rules; protect the safety of the public; and implement legislative intent. Provisions for waivers or variances are contained in these rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 5082B** on May 10, 2006. One citizen commented on the proposed rules at the public hearing, and one letter commenting on the rules was received. The adopted rules differ from the proposed rules as follows:

1. A more elaborate briefing schedule for contested cases was set forth in paragraph 84.27(3)"f." The paragraph now reads as follows:

"f. Briefs and arguments. Unless otherwise ordered, within 20 days of the notice of appeal or order for review, each appealing party may file exceptions and briefs. Within 20 days thereafter, any party may file a responsive brief. Briefs shall cite any applicable legal authority and specify relevant portions of the record in that proceeding. Written requests to present oral argument shall be filed with the briefs.

"The board may resolve the appeal on the briefs or provide an opportunity for oral argument. The board may shorten or extend the briefing period as appropriate."

2. The format of renumbered paragraph 90.10(2)"b" was changed. Paragraph "b" now reads as follows:

"b. ISO 9000 assessments. The division recognizes the ASME and the National Board:

"(1) To be acceptable ISO 9000 registrars of quality systems for boilers and pressure vessels and the related pressure-technology equipment industry;

"(2) To certify auditors and lead auditors to the requirements of ISO 10011-2 1991(E), Annex A; and

"(3) To conduct ISO 9000 assessments for the boiler, pressure vessel, and related pressure-technology equipment industry."

3. Renumbered subrule 90.6(3) and paragraph 90.7(3)"e" were edited in response to public comment and to remove liability for payment from insurance companies that employ special inspectors. Subrule 90.6(3) now reads as follows:

"**90.6(3)** Inspections conducted by special inspectors. Special inspectors shall provide copies of the completed report to the insured and to the division within 30 days of the inspection. The reports shall list all adverse conditions and all requirements, if any. If the special inspector has not notified the division of the inspection results within 30 days of the expiration of an operating certificate, the division may conduct the inspection."

Paragraph 90.7(3)"e" now reads as follows:

"e. In addition to the applicable object's inspection fee, if the division cannot follow normal practice of scheduling inspections in a cost-effective manner due to a request by an owner or user for a customized schedule, travel expenses may be charged at the discretion of the division."

4. Acceptable methods for preventing galvanic action were clarified in renumbered rule 875—91.6(89) as set forth below:

**"875—91.6(89) Piping, valves, and fitting requirements.** The minimum piping, valve, and fitting supplied on any object shall be Schedule 40. The piping design must take into account the removal of material for mechanical joints such as threading or bolting, corrosion and erosion requirements, and

the effects of hydrostatic head pressure. Dielectric fittings shall be used where dissimilar metals are joined."

5. In renumbered rule 875—91.8(89), the words "alteration" and "retrofit" were added to the last sentence of subrule 91.8(1) to make the sentence more consistent with the rest of the rule. In addition, wording concerning lap seam cracks was deleted from renumbered rule 875—91.17(89) of the Notice and was incorporated into rule 875—91.8(89). These changes were made in response to public comment. Rule 875—91.8(89) now reads as follows:

**"875—91.8(89) Alterations, retrofits and repairs to objects.**

**"91.8(1)** General. Alterations, retrofits, and repairs shall be made so that the object shall be at least as safe as the original construction. Alterations, retrofits, and repairs shall be done as though new construction and shall comply with the applicable code or codes as adopted in 875—Chapters 90 through 96. A National Board 'R' form shall be filed with the division for each alteration, retrofit, or repair.

**"91.8(2)** Lap seam cracks. The shell or drum of an object in which a lap seam crack is discovered along a longitudinal, riveted joint shall be immediately discontinued from use. If the object is not more than 15 years of age, a complete new course of the original thickness may be installed at the discretion of the inspector. Patching is prohibited."

6. The term "X-rayed" in the introductory paragraph of renumbered rule 875—92.4(89) was replaced by "radio-graphed" at the suggestion of a member of the public.

7. In response to public comment, subrule 205.5(3), which was proposed to be renumbered as 92.8(3) in the Notice, was struck and proposed paragraph 94.3(2)"c" was not adopted. Both contained recommendations, which are unenforceable.

8. The proposed second sentence of renumbered subrule 94.3(4), which pertained to the use of swing joints when boilers are installed in batteries, was removed in response to public comment. Subrule 94.3(4) now reads as follows:

**"94.3(4)** Expansion and contraction. Provisions shall be made for the expansion and contraction of steam and hot water mains connected to boilers."

9. The phrase "officially rated safety valve" was replaced with "safety relief valve...bearing the National Board 'HV' stamp" in renumbered paragraph 94.5(1)"b," which now reads as follows:

"b. No safety relief valve shall be smaller than 3/4 inch nor larger than 4 1/2-inch standard pipe size, except those boilers having a heat input not greater than 15,000 Btu's per hour may be equipped with a safety relief valve of 1/2-inch standard pipe size bearing the National Board 'HV' stamp. The inlet opening shall have an inside diameter equal to or greater than the seat diameter. In no case shall the minimum opening through any part of the valve be less than 1/2-inch diameter."

10. The date "August 9, 2006" was replaced throughout by "September 20, 2006" to reflect the actual effective date of this rule making, except that the date was changed to September 19, 2006, in renumbered subrule 94.2(7) to clarify that the codes adopted by reference in the subrule apply to boilers installed on September 19, 2006. Also, in renumbered rule 875—92.1(89), the words "on and" were inserted before "after September 20, 2006" to clarify that Chapter 92 also applies to power boilers installed on September 20, 2006.

These amendments are intended to implement Iowa Code chapters 17A and 89.

## LABOR SERVICES DIVISION[875](cont'd)

These amendments will become effective September 20, 2006.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [adopt Chs 80 to 85; rescind Ch 201; amend Chs 200, 203 to 209] is being omitted. With the exception of the changes noted above, these amendments are identical to those published under Notice as **ARC 5082B**, IAB 5/10/06.

[Filed 7/26/06, effective 9/20/06]  
[Published 8/16/06]

[For replacement pages for IAC, see IAC Supplement 8/16/06.]

**ARC 5308B****LABOR SERVICES DIVISION[875]****Adopted and Filed**

Pursuant to the authority of Iowa Code sections 89.7 and 90A.7, the Labor Commissioner hereby adopts amendments to Chapter 94, "Operations of Advisory Board," Chapter 95, "Grant Applications and Awards," Chapter 96, "Professional Wrestling," Chapter 97, "Professional Boxing," Chapter 98, "Elimination Tournaments," Chapter 99, "Amateur Boxing," Chapter 100, "Professional Kickboxing," Chapter 101, "Professional Shoot Fighting," and Chapter 202, "Special Inspectors," Iowa Administrative Code.

The amendments update and renumber the rules.

The purposes of these amendments are to protect the safety of the public; implement legislative intent; provide for orderly renewal and revocation of special inspector commissions; make the rules easier to read; and keep the rules current. No waiver or variance provisions are included in this rule making as there are general agency waiver or variance rules in 875—Chapter 1.

Notice of Intended Action was published in the Iowa Administrative Bulletin on May 10, 2006, as **ARC 5085B**. No public comment was received on these amendments. One change from the Notice has been made. A new paragraph "i" has been added to renumbered subrule 90.9(9), which pertains to procedures for suspension, to require that, upon revocation or suspension of a special inspector commission, the special inspector forfeit the commission card. Paragraph "i" reads as follows:

"i. Revoked or suspended commissions. Within five business days of final agency action revoking or suspending a special inspector commission, the special inspector shall forfeit the special inspector's commission card to the labor commissioner."

These amendments are intended to implement Iowa Code chapters 89, 90A, 252J and 261.

These amendments will become effective September 20, 2006.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [amendments to Chs 94 to 101, 202] is being omitted. With the exception of the change noted above,

these amendments are identical to those published under Notice as **ARC 5085B**, IAB 5/10/06.

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[For replacement pages for IAC, see IAC Supplement 8/16/06.]

**ARC 5294B****PROFESSIONAL LICENSURE  
DIVISION[645]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 147.76, the Board of Barber Examiners hereby amends Chapter 21, "Licensure of Barbers," Iowa Administrative Code.

These amendments provide that an examination application and required supporting data and documentation shall be postmarked within 14 days prior to the examination date in order for an applicant to be eligible to take the examination. This change reduces the number of days required for the information to be postmarked.

Notice of Intended Action was published in the Iowa Administrative Bulletin on May 24, 2006, as **ARC 5108B**.

A public hearing was held on June 14, 2006, from 9 to 9:30 a.m. in the Fifth Floor Board Conference Room, Lucas State Office Building. No public comments were received and the amendments are identical to those published under Notice of Intended Action.

These amendments will become effective September 20, 2006.

These amendments are intended to implement Iowa Code chapters 21, 147, 158 and 272C.

The following amendments are adopted.

ITEM 1. Amend subrule **21.2(1)**, paragraph "g," as follows:

g. An application for barber examination must be postmarked at least **20 14** days prior to the examination.

ITEM 2. Amend subrule **21.3(1)**, paragraph "a," as follows:

a. In order *for an applicant* to be eligible to take the examinations, the supporting data and documentation required by the board shall be postmarked at least **20 14** days prior to the examinations.

[Filed 7/26/06, effective 9/20/06]  
[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

**ARC 5321B****REVENUE DEPARTMENT[701]****Adopted and Filed**

Pursuant to the authority of Iowa Code sections 421.14 and 422.68, the Department of Revenue hereby adopts amendments to Chapter 38, "Administration," Chapter 39, "Filing Return and Payment of Tax," Chapter 40, "Determination of Net Income," Chapter 41, "Determination of



## REVENUE DEPARTMENT[701](cont'd)

Taxable Income,” Chapter 42, “Adjustments to Computed Tax,” Chapter 45, “Partnerships,” Chapter 46, “Withholding,” Chapter 48, “Composite Returns,” Chapter 49, “Estimated Income Tax for Individuals,” Chapter 50, “Apportionment of Income for Resident Shareholders of S Corporations,” Chapter 52, “Filing Returns, Payment of Tax and Penalty and Interest,” Chapter 54, “Allocation and Apportionment,” Chapter 56, “Estimated Tax for Corporations,” Chapter 58, “Filing Returns, Payment of Tax, Penalty and Interest, and Allocation of Tax Revenues,” Chapter 59, “Determination of Net Income,” Chapter 61, “Estimated Tax for Financial Institutions,” Chapter 86, “Inheritance Tax,” and Chapter 89, “Fiduciary Income Tax,” Iowa Administrative Code.

Notice of Intended Action was published in IAB Vol. XXVIII; No. 26, p. 1851, on June 21, 2006, as **ARC 5177B**.

Item 1 amends subrule 38.1(2) to clarify that the definition of “computed tax” is the amount of tax before other credits in addition to the personal exemption credit.

Item 2 amends subrule 38.2(2) to remove obsolete provisions relating to waivers of the statute of limitations for waivers entered into prior to July 1, 1989.

Item 3 amends subrule 38.13(1) to correct a cross reference.

Item 4 amends subrule 39.1(3) to update the net income limitation for part-year residents of Iowa claimed as a dependent on another person’s return for tax periods beginning on or after January 1, 2001.

Item 5 amends subrule 39.1(7) to update the list of refundable individual income tax credits.

Item 6 amends subrule 39.2(4) to update the cross references to Iowa Code sections relating to tax credits.

Item 7 amends subrule 39.5(10) to update the net income limitations for an individual claimed as a dependent on another person’s return for tax periods beginning on or after January 1, 2001, and to remove obsolete provisions in this subrule relating to individuals other than single taxpayers.

Item 8 amends subrule 39.5(11) to update the net income limitations for an individual claimed as a dependent on another person’s return for tax periods beginning on or after January 1, 2001, and to remove obsolete provisions in this subrule relating to single taxpayers.

Item 9 amends subrule 39.6(3) to clarify that the Iowa alternative minimum tax net operating loss should be computed by including the amount of both tax preferences and adjustments.

Item 10 amends subrule 39.7(1) to update the exemption amounts for purposes of computing the tax on lump-sum distributions.

Item 11 amends rule 701—39.9(422) to clarify that the special tax computation is not allowed for taxpayers who are required to annualize their income.

Item 12 amends rule 701—40.9(422) to update the applicable dates for the work opportunity credit.

Item 13 amends rule 701—40.15(422) to update the amount of expensing allowed under Section 179 of the Internal Revenue Code.

Item 14 amends subrule 40.16(1) to update the net income limitations for nonresidents to be exempt from Iowa income tax.

Item 15 amends subrule 40.16(2) to provide that nonresidents who earn compensation from a railway company or motor carrier in Iowa and other states are not required to include this compensation as income earned in Iowa.

Item 16 amends subrule 40.16(9) to correct a cross reference.

Item 17 amends rule 701—40.31(422) to update the percentage of expenses related to meals to be deducted by state legislators for tax years beginning on or after January 1, 1994.

Items 18, 21, 22, 23 and 24 amend rule 701—40.38(422) to clarify that the capital gain deduction can be allowed for an estate or trust in situations where the capital gain flows through to individual owners of the estate or trust, and to add an example.

Items 19 and 20 amend subrule 40.38(1) to eliminate a cross reference and add an example regarding material participation for rental activities relating to the Iowa capital gains deduction.

Item 25 amends subrule 40.42(3) to correct a cross reference to an Iowa Code section.

Item 26 amends subrule 40.45(11) to correct a cross reference to another rule.

Item 27 amends rule 701—40.48(422) to clarify the deduction for premiums for long-term health insurance for nursing home coverage and to include an example.

Item 28 amends subrule 40.53(1) to indicate that rollover contributions from other states’ educational savings plans will qualify for the Iowa deduction for contributions to the Iowa educational savings plan, subject to the maximum amount allowable.

Items 29 through 32 amend subrules 41.5(3), 41.5(4) and 41.5(8) to correct cross references to Iowa Code sections.

Item 33 amends subrule 42.2(1) to clarify that the personal exemption credits shall be deducted from the computed tax and to correct a cross reference to another rule.

Item 34 amends subrule 42.4(1) to clarify that the out-of-state tax credit is allowed to resident taxpayers who file as part of a composite return in another state.

Item 35 amends rule 701—42.6(422) to clarify that limited liability companies qualify for the motor fuel credit and to correct a cross reference.

Item 36 amends subrule 42.7(1) to clarify that the out-of-state tax credit is allowed to resident taxpayers who pay minimum tax as part of a composite return in another state.

Item 37 amends rule 701—42.8(422) to clarify that there is no distinction between “deferral items” and “exclusion items” for purposes of the Iowa alternative minimum tax credit for tax periods beginning on or after January 1, 1993.

Item 38 amends rule 701—42.23(422) to update the listing regarding the sequence of tax credits to be deducted.

Item 39 amends rule 701—45.4(422) to update a cross reference to an Iowa Code chapter.

Item 40 amends subrule 46.3(1) regarding employer registration for withholding tax to account for situations in which an employer is remitting Iowa withholding tax but is not properly registered with the Department. This amendment is necessary due to the electronic filing of withholding tax returns and payments that began on January 1, 2005.

Item 41 amends rule 701—48.2(422) to clarify that limited liability companies may file composite returns.

Item 42 amends rule 701—48.6(422) to eliminate references to Iowa Code subsections.

Item 43 amends subrule 49.5(2) to include a cross reference to another subrule.

Item 44 amends subrule 49.7(3) to correct a cross reference to an Iowa Code section.

Item 45 amends rule 701—50.1(422) to clarify that estates and trusts that are shareholders in S corporations cannot take advantage of the apportionment provisions of this chapter.

Item 46 amends subrule 52.1(4) to correct an example.

## REVENUE DEPARTMENT[701](cont'd)

Items 47 and 48 amend subrules 52.3(2) and 52.3(3) to update the information needed to be reported on Iowa corporation income tax returns for both domestic and foreign corporations.

Item 49 amends rule 701—52.6(422) to correct a cross reference.

Item 50 amends rule 701—52.12(422) to update the listing regarding the sequence of tax credits to be deducted.

Item 51 amends subrule 54.2(3) to correct a cross reference to a section of the Internal Revenue Code.

Item 52 amends subrule 54.6(5) to clarify an example.

Item 53 amends subrule 56.5(1) to add a reference to an Iowa tax form and to add an example regarding the underpayment of estimated tax penalty for corporation income tax.

Item 54 amends subrule 56.5(2) to remove obsolete provisions regarding the underpayment of estimated tax penalty for corporation income tax.

Item 55 amends subrule 56.6(4) to correct a cross reference to an Iowa Code section.

Item 56 amends subrule 58.3(2) to update the information needed to be reported on Iowa franchise tax returns.

Item 57 amends subrule 58.5(2) to eliminate a cross reference to a section of the Internal Revenue Code which has been repealed.

Item 58 amends rule 701—59.1(422) to update a cross reference to another rule.

Item 59 amends rule 701—59.12(422) to correct a cross reference to another Iowa Code section.

Item 60 amends subrule 61.5(1) to add a reference to an Iowa tax form and to add an example regarding the underpayment of estimated tax penalty for franchise tax.

Item 61 amends subrule 61.5(2) to remove obsolete provisions regarding the underpayment of estimated tax penalty for franchise tax.

Item 62 amends subrule 61.6(4) to correct a cross reference to another Iowa Code section.

Items 63, 64 and 65 amend subrules 86.1(1), 86.5(12) and 86.8(2) to correct cross references to Iowa Code sections.

Items 66 and 67 amend subrules 89.2(1) and 89.4(9) to correct cross references to other rules.

Item 68 amends subrule 89.8(2) to correct a cross reference to an Iowa Code section.

Items 69, 70 and 72 amend subrule 89.8(7) to correct cross references to other rules.

Item 71 amends subrule 89.8(7) to clarify that interest income from certain Iowa bonds other than Iowa board of regents bonds is excluded from Iowa fiduciary income tax.

Item 73 amends subrule 89.8(7), paragraph “m,” to clarify that capital gain from Internal Revenue Code Section 641(c) gains is only included in Iowa fiduciary taxable income for sales or exchanges before August 6, 1997.

Item 74 amends subrule 89.8(7) to correct a cross reference to an Iowa Code section.

Item 75 amends subrule 89.8(7), paragraph “t,” also to clarify the treatment of interest income from certain Iowa bonds and capital gain income from Internal Revenue Code Section 641(c) gains discussed in Items 71 and 73. In addition, a correction was made to a cross reference to another rule.

Item 76 amends subrule 89.8(8) to correct a cross reference to another rule.

These amendments are identical to those published under Notice of Intended Action.

These amendments will become effective September 20, 2006, after filing with the Administrative Rules Coordinator and publication in the Iowa Administrative Bulletin.

These amendments are intended to implement Iowa Code chapter 422.

EDITOR'S NOTE: Pursuant to recommendation of the Administrative Rules Review Committee published in the Iowa Administrative Bulletin, September 10, 1986, the text of these amendments [amendments to Chs 38 to 42, 45, 46, 48 to 50, 52, 54, 56, 58, 59, 61, 86, 89] is being omitted. These amendments are identical to those published under Notice as **ARC 5177B**, IAB 6/21/06.

[Filed 7/28/06, effective 9/20/06]

[Published 8/16/06]

[For replacement pages for IAC, see IAC Supplement 8/16/06.]

**ARC 5316B****UTILITIES DIVISION[199]****Adopted and Filed**

Pursuant to Iowa Code section 17A.4, Iowa Code Supplement section 68B.4, and 351 IAC 6.11(68B), the Utilities Board (Board) gives notice that on July 26, 2006, the Board issued an order in Docket No. RMU-06-4, In re: Sale of Goods and Services by Officials or Employees of the Iowa Utilities Board (199 IAC 1.6), “Order Adopting Amendment.” The amendment brings the Board into compliance with recent legislation, Iowa Code Supplement section 68B.4, that requires the Ethics and Campaign Disclosure Board (Ethics Board) to adopt a rule regarding the sale of goods and services by officials and employees of regulatory agencies, including the Board. The Ethics Board adopted 351 IAC 6.11(68B), and the Board is amending 199 IAC 1.6(68B) by rescinding the current provisions and adopting new language that refers to the Ethics Board rule.

Notice of Intended Action with the proposed amendment was published in IAB Vol. XXVIII, No. 25 (6/7/06) p. 1795, as **ARC 5156B**. Comments were filed by the Consumer Advocate Division of the Department of Justice (Consumer Advocate) and the Ethics Board. No oral presentation was scheduled or requested. The Ethics Board suggested that the proposed amendment in Item 1 be revised to include leases as required by legislation enacted this past legislative session, after the Board issued its Notice of Intended Action. Consumer Advocate indicated it did not oppose the amendment. The Board is adopting the revisions suggested by the Ethics Board. The order containing a discussion of the comments and the support for this rule making can be found on the Board's Web site, [www.state.ia.us/iub](http://www.state.ia.us/iub).

These amendments are intended to implement Iowa Code section 17A.4, Iowa Code Supplement section 68B.4, and 351 IAC 6.11(68B).

These amendments shall become effective September 20, 2006.

The following amendments are adopted.

ITEM 1. Amend rule 199—1.6(68B), introductory paragraph, as follows:

**199—1.6(68B) Consent for the sale or lease of goods and services.** *An official or employee shall not sell or lease, either directly or indirectly, any goods or services to individuals, associations, or corporations subject to the regulatory authority of the board without complying with the provisions of rule 351—6.11(68B) of the Iowa ethics and campaign disclosure board.*

## UTILITIES DIVISION[199](cont'd)

ITEM 2. Rescind subrules **1.6(1)** to **1.6(9)**.

[Filed 7/27/06, effective 9/20/06]

[Published 8/16/06]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/16/06.

## ARC 5315B

### UTILITIES DIVISION[199]

#### Adopted and Filed

Pursuant to Iowa Code sections 17A.4, 476.1D, and 476.2, the Utilities Board (Board) gives notice that on July 26, 2006, the Board issued an order in Docket No. RMU-06-3, In re: Accounting Rules for Local Exchange Utilities (199 IAC 16.5 and 16.9), "Order Adopting Amendments." The amendment to 199 IAC 16.5(476) removes the current requirements for Iowa-specific accounting rules for local exchange telephone utilities and allows utilities to use either generally accepted accounting principles or the uniform systems of accounts adopted by the Federal Communications Commission. The Board is also amending 199 IAC 16.9(476) so that it no longer applies to local exchange utilities.

Notice of Intended Action with the proposed amendments was published in IAB Vol. XXVIII, No. 25 (6/7/06) p. 1795, as **ARC 5159B**. Comments concerning the proposed amendments were filed by the Consumer Advocate Division of the Department of Justice, Frontier Communications of Iowa, Inc., Qwest Corporation, and Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom. No oral presentation was scheduled or requested.

The commenters stated they either did not object to the amendments or supported the amendments. The comments indicated the amendments would result in cost savings for local exchange telephone companies. The order containing a discussion of the comments can be found on the Board's Web site, [www.state.ia.us/iub](http://www.state.ia.us/iub).

These amendments are intended to implement Iowa Code sections 17A.4, 476.1D, and 476.2.

These amendments shall become effective September 20, 2006.

The following amendments are adopted.

ITEM 1. Rescind rule 199—16.5(476) and adopt the following **new** rule in lieu thereof:

**199—16.5(476) Uniform systems of accounts—telephone.** Local exchange utilities subject to regulation by the board shall keep accounts consistent with generally accepted accounting principles (GAAP) or the accounting regulations adopted by the Federal Communications Commission. Each local exchange utility shall indicate in its annual report which method of accounting it has adopted and the location of the accounting records associated with Iowa operations.

ITEM 2. Amend rule 199—16.9(476) as follows:

**199—16.9(476) Postemployment benefits other than pensions.**

**16.9(1)** Accrual accounting for postemployment benefits other than pensions in accordance with Statement of Financial Accounting Standard No. 106 (SFAS 106) will be permitted where:

4 *a.* The accrued postemployment benefit obligations have been funded in a segregated and restricted account or alternative arrangements have been approved by the board.

2 *b.* The net periodic postemployment benefit cost and accumulated postemployment benefit obligations have been determined by an actuarial study completed in accordance with the specific methods required and outlined by SFAS 106.

3 *c.* The transition obligation is amortized in accordance with SFAS 106.

**16.9(2)** *The requirements of this rule do not apply to a local exchange utility regulated by the board if the utility accounts for its postemployment benefits other than pensions in a manner consistent with the regulations of the Federal Communications Commission.*

[Filed 7/27/06, effective 9/20/06]

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